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# Herald Tribune



The World's Daily Newspaper

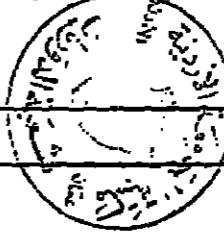
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

London, Thursday, December 17, 1998

TODAY:

Digital Jackpots Page 10

No. 36,016

*Tension in Gulf May Delay Impeachment Vote*

## Pentagon in 'Execute Mode' for Attack on Iraq

### Netanyahu Sets Ultimatum on Peace Accord

#### *He Threatens Early Elections If Knesset Doesn't Back Him*

Compiled by Our Staff From Dispatches

TEL AVIV — Prime Minister Benjamin Netanyahu set the stage Wednesday for early elections, saying he would call Israelis to the polls if he loses a vote Monday on his suspension of a peace deal with the Palestinians.

A senior government official added that if Mr. Netanyahu called early elections, Israel would freeze its U.S.-brokered peace deal with the Palestinians.

"I don't think anyone expects us to continue with implementation of the agreement during an election period," the official said.

Saeed Fatah, the top Palestinian negotiator, described Mr. Netanyahu's move as likely to "have very dangerous effects on the peace process."

Addressing supporters at his Likud party headquarters in Tel Aviv, Mr. Netanyahu said he would ask the Labor opposition to back him in Parliament, or the Knesset, on his decision not to proceed with the peace deal unless the Palestinians halted alleged violations.

"I say now from the start, if there isn't the necessary majority to support these principles, I will call for early elections in order to get from the people the necessary mandate to achieve a real peace," he said.

Mr. Netanyahu said he was demanding of the Palestinians a halt to incitement to violence, a roundup of illegal weapons, a reduction in the size of the Palestinian police force, and an end to declared aspirations to statehood or a presence in Jerusalem.

"I intend to bring these decisions before members of the Knesset on Monday," Mr. Netanyahu said in a speech broadcast live.

Mr. Netanyahu's "what happened" in Netanyahu's speech is a form of the peace process. He knows very well that the Palestinian side has fulfilled all its commitments.

Mr. Netanyahu's rightist coalition has splintered over the land-for-security deal the prime minister reached with the Palestinian leader, Yasir Arafat, at Wye River, Maryland, in October.

President Bill Clinton, who brokered the Wye agreement, was in the region for three days this week to try to salvage the accord. His apparent failure increased U.S.-Israeli tensions.

As he struggled to stay in power, Mr. Netanyahu told his cabinet Wednesday that he would not carry out a second handover of West Bank land on Friday under the Wye timetable.

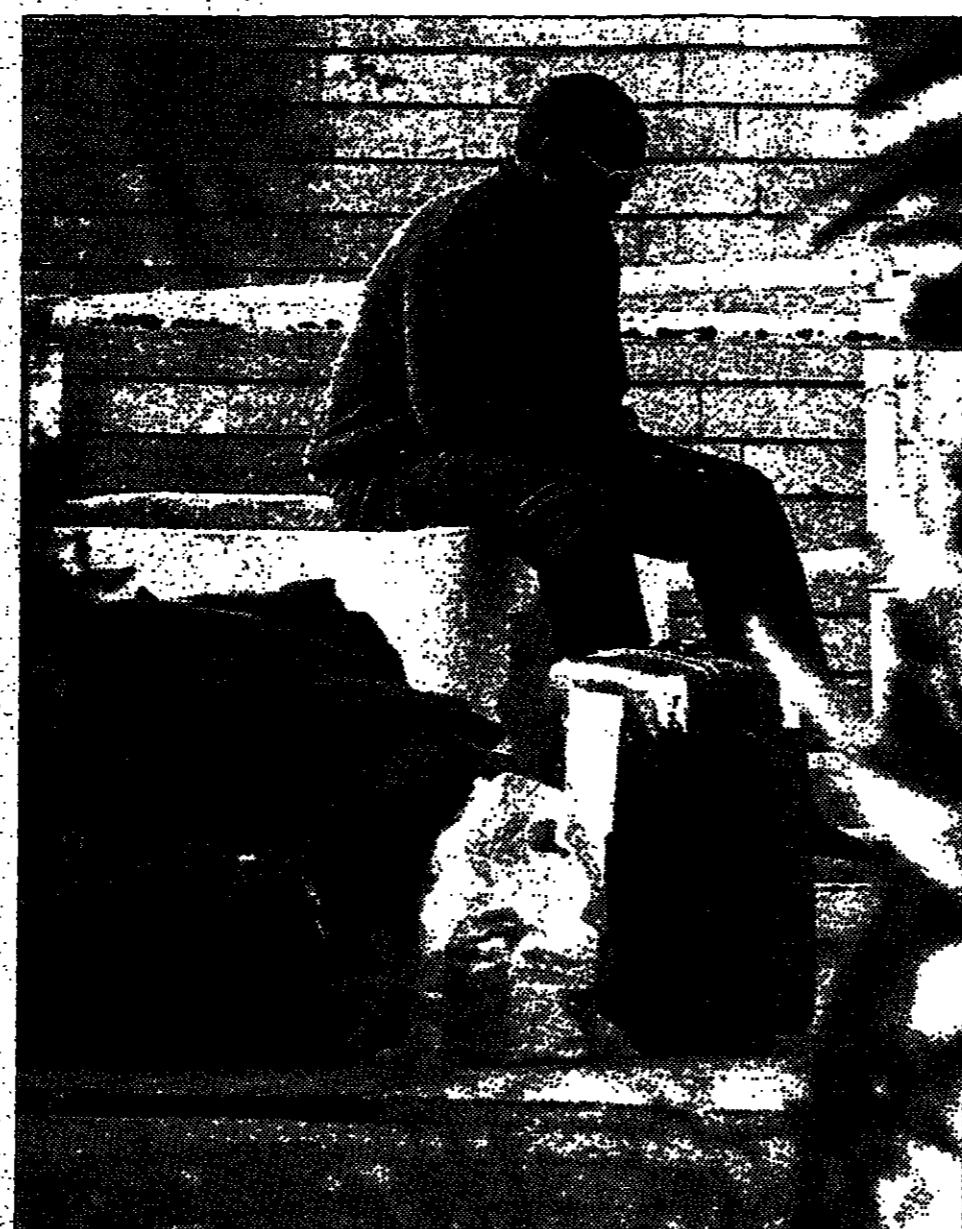
Mr. Arafat called the move a "clear and dangerous violation" of the accord.

Washington pressed Mr. Netanyahu on Wednesday to adhere to the Wye deal but conceded that the handover would probably be delayed.

"We believe the Wye Memorandum should be implemented and that both parties should fulfill the obligations they undertook at Wye," the State Department spokesman, James Rubin, said.

Finance Minister Yacov Neeman submitted his resignation Wednesday, saying divisions in

See ISRAEL, Page 4



A UN humanitarian worker waiting with his luggage for a bus leaving Baghdad on Wednesday as many relief personnel headed out of Iraq to seek safety in Jordan.

### Court Frees Kurdish Leader

#### Turkey Threatens Retaliation Over Italian Verdict

By Alessandra Stanley  
New York Times Service

ROME — An appeals court in Rome freed the Kurdish rebel leader Abdullah Ocalan on Wednesday, a ruling that further enflamed a bitter diplomatic dispute between Italy and Turkey.

The court determined that Italy had no grounds for detaining Mr. Ocalan, leader of the Kurdish Workers Party. But the Italian prime minister, Massimo D'Alema, quickly said that Mr. Ocalan would nevertheless be kept under police surveillance.

After the court's verdict, Turkish officials, already furious with Italy for refusing to extradite Mr. Ocalan, immediately expressed outrage and renewed threats of economic retaliation against Italy.

Germany, which issued a warrant for Mr. Ocalan to stand trial in Turkey, responded,

"It will damage Turkish-Italian relations

and international law," the Turkish defense minister, Ismet Sezgin, told Turkish television reporters.

Italy has refused to extradite Mr. Ocalan, who is wanted in Turkey on terrorism charges, because of a law that bans the extradition of prisoners to countries where they might face the death penalty.

Mr. Ocalan was arrested by Italian police on Nov. 12 while trying to enter Rome from Moscow on a false passport. Shortly after his arrest, Mr. Ocalan requested political asylum in Italy.

Italy, which quickly found Mr. Ocalan's presence burdensome, has so far proven unable to persuade other European countries to take the Kurdish rebel leader off its hands.

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"It will damage Turkish-Italian relations

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See CLINTON, Page 4

See IRAQ, Page 4

### Answering Asian Critics, Japan Unveils New Loans

By Michael Richardson  
International Herald Tribune

HANOI — Japan unveiled new concessional loans to Asia on Wednesday worth more than \$3 billion and started handing out portions of a previously announced \$30 billion assistance package.

The assistance is part of a high-profile effort to counter criticism among its neighbors that Japan is not doing enough to help the region recover from its economic and financial crisis.

In what was seen as an attempt to reassert an economic leadership role in Asia that is being challenged by China, Prime Minister Keizo Obuchi said Japan's "support measures" for the region since the crisis started in July 1997 were "the largest in the world, and it is implementing them steadily."

Japanese officials said that the financial support — mainly in the form of low-interest loans to help hard-hit countries in East Asia revive growth and

prevent another round of currency devaluations — amounted to almost \$30 billion.

The officials said that comparable aid from the United States amounted to about \$10 billion, while Chinese assistance was worth \$4.5 billion.

Still, China has been widely praised by its Asian neighbors for keeping its economy growing strongly and maintaining the value of its currency. Japan, which is mired in its worst recession since World War II, has been equally widely criticized for failing to engineer a recovery and thus help its neighbors to bounce back.

But China is causing unease in both

See ASIA, Page 7



Relatives and friends carrying the coffin containing the remains of Amos Shanda, who died of AIDS, to the burial site in Bulawayo, Zimbabwe.

### AIDS Epidemic Changes Africa's Culture of Death

#### Customs Fall Away in the Flood of Funerals

By Donald G. McNeil Jr.  
New York Times Service

BULAWAYO, Zimbabwe — On Monday, Amos Sibanda died in Mpilo Hospital here, and his body was moved to its morgue.

The relatives gathered at his tiny house cannot say exactly what the 40-year-old man died of, but his death certificate can: "encephalopathy and AIDS." He is the fourth member of his family to die in 14 months.

Mr. Sibanda, who could not read or write, made do for his wife and five children by selling tomatoes, old clothes and fried fish on the streets and repairing radios. He even owned a couple of cows, but sold them in the last year to help pay for the funerals of his father and two brothers. Now his family, its meager funds exhausted, cannot raise the \$46 it needs to get his body out of the morgue and into the city cemetery.

Their worst fear, says Thamsanya Magonya, the local ward councillor, is that he will lie there until the hospital is forced to cremate him. Mpilo's morgue is so crowded that it sometimes has 250 bodies stacked in space meant for 60. But cremation "is taboo in African culture," Mr. Magonya said. "People don't want to burn their relatives. They say, 'I don't want ashes — I must see the bones.'"

Across Africa, as the AIDS epidemic has gnawed through people like a conqueror worm, the number of the dying is so great that it is changing the culture of death itself.

There are 5,500 AIDS-related funer-

als every day in Africa, according to the United Nations. On a continent where a death has always been a communal rather than a private matter, poverty and emotional exhaustion are taking their toll. The poorest go unshrouded, a shovelful of ashes into a common pit.

Thousands of graves are left with no markers grander than the favorite cup and spoon of the deceased, smashed in loving memory of them. And people in all walks of life shamefacedly confess that they no longer have the money or energy to mourn as they feel African tradition demands.

Some businessmen have made the best of this, and in cities like Bulawayo, the funeral business is a golden industry in a blasted landscape. Two years ago, the city, whose name in Ndebele means "the Place of Killing," had four funeral homes. Now there are 14 registered ones, all owned by one family, plus an unknown number of free-lancers with a truck or two. Touts for the free-lance homes used to wander the wards of Mpilo Hospital until the chief administrator, horrified by their ghoulishness, chased them out.

In Africa, funeral rites take on far more importance than they do in the West. The poorest domestic worker with no savings account or pension will have one investment: her burial society, a sort of neighborhood club that in return for monthly payments her whole life guarantees members of her family a dignified burial, with a coffin, flowers and a generous meal for the mourners.

See AIDS, Page 7

### AGENDA

#### Scientists Report a Cloned Human Cell

South Korean scientists said Wednesday that they had cloned a human cell from an infertile woman, creating an embryo that theoretically could have grown into a physical replica of the woman. The experiment was then stopped, they said. The research has not been confirmed or reviewed by other scientists. If the experiment is confirmed, it would probably be the first publicly disclosed cloning experiment on a human being. Page 4.

#### Lawyers See No Bias in Pinochet Ruling

Lawyers for Spain acknowledged that a Law Lord linked to Amnesty International who ruled against General Augusto Pinochet had liberal views, but said these did not sway him against the former Chilean dictator. Page 4.

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Kuwait	700 Pte Zimbabwe 2m \$40.00

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The Dollar	
New York	Wednesday 8:30 P.M. previous close
Dkt	1.6725 1.661
Yen	118.45 116.565
FF	5.0095 5.5652
Pound	1.671 1.685
Dates per pound	
The Dax	
	Wednesday 8:30 percent change
25.23	-8,708.07 -0.25%
S&P 500	
	+0.83 +1,181.82 +0.07%
Nasdaq	
	+2.91 2,015.24 +0.14%

The HT on-line www.ht.com

**On the Air, In the Surf, In Seclusion / Impeachment, Yea or Nay?**

## For House Decision Makers, Time Runs Out

By Marc Fisher  
*Washington Post Service*

**W**ASHINGTON — The congressman could not field any calls about impeachment right then. He was out — surfing, sailing, sitting for the answer.

All 10 lines at Representative Brian Bilbray's district office in San Diego were lit up. Callers were yelling about morality, fairness, sex and political retribution. A producer from Fox Broadcasting was holding on Line 3 and a note just handed to the chief of staff, John Woodard, alerted him that the television lady "sounds upset."

No matter. There was a northwest swell, three to six feet. And with the great sea of democracy in a threatening roil, its undertow pulling at a president, at least one of the "undecideds" — the couple of dozen congressmen who will decide the fate of Bill Clinton in a vote that was scheduled Thursday, pending developments in the Gulf — was in search of the perfect wave, the one that will deliver a signal.

Something must come. Impeach or not, yea or nay. But before that, Mr. Woodard said, Mr. Bilbray would stay "in seclusion," spending time out at the beach, then back in his home. Phone unlinked, media shut out, the modern legislator deliberating.

Mr. Bilbray was also reading the Federalist Papers, and reviewing the transcripts and the videotapes, the official record of this sordid year.

Then, on Wednesday, Mr. Bilbray's decision came: He announced that he would vote for impeachment.

Meanwhile, Representative James Greenwood, Republican of Pennsylvania, sat in the capital, deep in the swamp of allegations. He was on the phone, on yet another radio talk show, laying it out.

"I have two lousy choices," he told a reporter in between calls. "I can vote against impeachment, which sends a message that the chief law enforcement officer of the United States of America can perjure himself and essentially face no constitutional sanctions for that, and that's a bad outcome. The other lousy choice that I have is to vote for impeachment, knowing that this country does not want to endure a trial in the Senate with Monica Lewinsky and Linda Tripp testifying in the well of the Senate. If what we've been through so far is nauseating, my notion of a trial in the Senate is the nation as a whole banging over the well and heaving."

From a McDonald's on Interstate 80 in Pennsylvania to the Albuquerque Petroleum Club, from Capitol hideaways to a Chinese restaurant in Pine Bluff, Arkansas, Washington Post reporters caught up with — or circled futilely — the three dozen House members who will decide whether to end the nation's year of scandal with



Listening: Jim Greenwood, a Republican of Pennsylvania.



Out hitting golf balls: Jim Leach, a Republican of Iowa.



Mulling it over: Christopher Shays, a Connecticut Republican.

the second impeachment of a president in American history.

Earlier this week, more and more of the undecideds — known colloquially as Republican "moderates" — lined up against Mr. Clinton.

But if the president's fate seemed sealed, the individual dramas continued to play out across the country.

The congressmen cloistered themselves — at home, in mountain getaways, in Washington apartments. Or they bathed in the public's sudden activism, sifting through mounds of correspondence from voters. Or they listened to the entreaties of the White House, the Republican leadership and their Democratic counterparts.

The e-mails tumbled in by the thousands, overloading even the most efficient Capitol Hill interns. The phones trilled incessantly. The Los Angeles Times editorial page listed the phone numbers of every area House member and warned them to "beware the wrath of the American people."

Some of the group of undecided relished the attention and trumpeted

their indecision, displaying to the nation each twinge of anguish.

Representative Jay Dickey, Republican of Arkansas, who was interviewed in Pine Bluff, in his home state, likened the pressure to "12 hours of surgery without anesthesia."

Elsewhere, an undecided congressman was saying "I have come to the decision . . . Yes, yes?"

. . . that I should not go into this historic debate with my mind closed."

Sigh.

"I think that I owe it to my constituency, which is deeply and evenly divided on this question, and I owe it to my colleagues, and I owe it to history, to be available to persuasion," said Mr. Greenwood, the Pennsylvania Re-

publican. "This is one where you sit in the House and you listen."

In the cases of those undecideds who had cut off all radio contact and vanished into a monkish period of contemplation, it fell to their staffers and political associates to hold the media horde at bay.

Staffers insisted their bosses' silence was no game, no ploy.

"I assure you, we're not playing this process for any ulterior motive," said Bill Tate, chief of staff to Representative Jim Leach of Iowa. "There's no drumroll in mind here, and there's no pleasure in it."

But will he vote for or against? "The fact is, we have no clue at all," said Ken Sullivan, a political writer for the Cedar Rapids Gazette. "He's out hitting some golf balls right now, clearing his head."

**K**ATHY Havens, a businesswoman and a mother of two, had never called on a politician before. But somehow, the Lewinsky matter has gripped Ms. Havens like no political topic before. So there she was in the office of Representative Christopher Shays in Stamford, Connecticut.

"What's been on your mind?" Mr. Shays asked. "You want to tell me how you feel."

"My problem is, I can't believe this president anymore, and I don't know how I can get around that," Ms. Havens replied. "I can't let it go. I've tried. Do you have confidence in him?"

"Do I believe the president is a man of his word?" Mr. Shays said. "No. Now everything is couched in some kind of double meaning."

The constituent told her representative that if he voted for impeachment, she can never vote for him again. Mr. Shays, who announced Tuesday that he was reconsidering his earlier decision to oppose impeachment, wrote on his note pad. It all goes into the mix, back and forth.

One minute, "You have a position you think is sound," Mr. Shays said. "Then you hear criticism that you think is legitimate." Back and forth, back and forth. The pressure keeps growing. "It may be too late."

Meanwhile, back in Arkansas, "Dickey Still Not Telling," read the headline in the Pine Bluff Commercial. Mr. Dickey had for the first time acknowledged that he had decided how he would vote. But he won't say which way.

"The thing with me is that I have never expected him to tell the truth," Mr. Dickey said of the president.

"The problem with President Clinton is that he only gives us the direct story in direct proportion to how close we are to finding the truth. It's kind of like the tide moving in."

"My nerve endings are just frayed," he said.

## U.S. Says Bin Laden Has Ordered Attacks

By Steven Lee Myers  
*New York Times Service*

**WASHINGTON** — Osama bin Laden, the Saudi dissident the United States has accused of bombing the American embassies in Kenya and Tanzania in August, has ordered a terrorist attack on American targets in the Gulf within the next few days or weeks, administration officials said.

U.S. intelligence agents learned of preparations for a strike after eavesdropping on conversations between Mr. bin Laden and members of the loose-knit terrorist organization that he operates around the Islamic world, the officials said. Mr. bin Laden remains in hiding in Afghanistan.

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this process for any ulterior motive," said Bill Tate, chief of staff to Repre-

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But will he vote for or against?

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As of Tuesday, the Pentagon would not publicly confirm the reports of Mr. bin Laden's plans, but it did announce that American military forces in the region had been placed on the highest state of alert possible short of an actual attack.

The Pentagon's alert followed the State Department's warning Monday to U.S. diplomats and civilians in seven Gulf states of the "strong possibility" of an attack within the next 30 days.

"We believe that we have significant credible intelligence suggesting the possibility of an imminent terrorist action in the Middle Eastern region," the Pentagon's spokesman, Kenneth Bacon, said at a news conference. "And for that reason, American citizens have been warned, American diplomats have been warned, and American soldiers have been put on a higher state of threat condition."

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plying the Gulf as part of the long-term monitoring of Iran. The largest contingents of American troops are in Kuwait, Saudi Arabia and Bahrain.

About 5,000 American military personnel are in Saudi Arabia, most of whom were moved to the remote, heavily fortified Prince Sultan Air Base outside the capital, Riyadh, following the bombing of Khost Towers in 1996. Nineteen airmen died in that attack.

Troops in the region already maintain a relatively high state of alert. The Pentagon classifies the "threat condition" at any given base on a daily basis, starting with normal and increasing in gravity to Alpha, Bravo, Charlie and Delta. It has now been raised to Charlie at virtually all the bases in the region.

Since the cruise-missile strikes against Afghanistan, as well as one in Sudan, in August, the Pentagon itself and most bases in the United States have raised their "threat condition" to Alpha.

Condition Charlie means that commanders believe some form of terrorist attack is imminent. Delta means it has already started. The Pentagon has increased its alerts in the region before, but rarely have the threats been so explicit.

Mr. Bacon said that security measures at bases were left to the discretion of the base commanders, but the alert generally confines troops to their bases and intensifies checkpoints and patrols.

The navy has also canceled port calls by its sailors aboard its fleet of 13 warships in the Gulf. In Bahrain's capital, Manama, where the Fifth Fleet has its headquarters, sailors have been placed under curfew.

Mr. bin Laden has remained in Afghanistan with the blessing of the Taleban fundamentalists who rule most of that country.

## TRAVEL UPDATE

### Athens Airport Strike

**ATHENS (AP)** — A planned strike by airport workers threatens to seriously disrupt pre-Christmas travel for thousands of people.

Employees have scheduled daily work stoppages between 6 A.M. and 10 A.M. and again between 2 P.M. and 6 P.M. from Monday through Wednesday, the union for civil aviation workers said.

The strikes could cause dozens of flight cancellations and delays as passengers gear up to travel for Christmas and the New Year.

**JAPAN AIRLINES** said Wednesday it had filed with the Transport Ministry for permission to start thrice-weekly service between Tokyo and Dallas/Fort Worth starting March 15. (Reuters)

**TRAVELERS** at 10 of France's busiest airports, including the two outside Paris, face an aircraft refueling strike Friday that will see the cancellation of many short-haul flights and major delays on long-haul services. (AFP)

## WEATHER

Forecast for Friday through Sunday, as provided by AccuWeather.



Unseasonably cold

Heavy snow

Heavy rain

Unseasonably warm

Unseasonably dry

Unseasonably humid

Unseasonably cloudy

Unseasonably windy

Unseasonably sunny

Unseasonably calm

Unseasonably clear

Unseasonably cold

Unseasonably wet

Unseasonably hot

Unseasonably humid

Unseasonably dry

Unseasonably cloudy

Unseasonably windy

Unseasonably sunny

Unseasonably calm

Unseasonably clear

Unseasonably hot

Unseasonably humid

Unseasonably dry

Unseasonably cloudy

Unseasonably windy

Unseasonably sunny

Unseasonably calm

Unseasonably clear

Unseasonably hot

Unseasonably humid

Unseasonably dry

Unseasonably cloudy

Unseasonably windy

Unseasonably sunny

Unseasonably calm

Unseasonably clear

Unseasonably hot

Unseasonably humid

Unseasonably dry

Unseasonably cloudy

Unseasonably windy

Unseasonably sunny

Unseasonably calm

Unseasonably clear

Unseasonably hot

Unseasonably humid

Unseasonably dry

Unseasonably cloudy

Unseasonably windy

Unseasonably sunny

Unseasonably calm

Unseasonably clear

Unseasonably hot

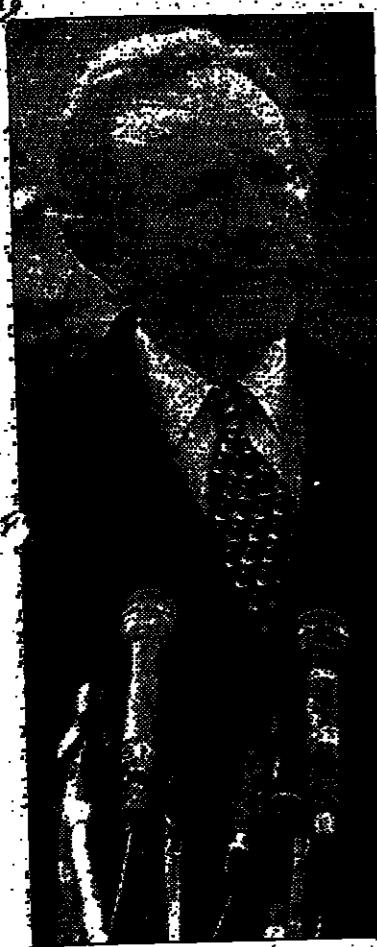
Unseasonably humid

Unseasonably dry

Unseasonably cloudy

## THE AMERICAS

## Senators Doubt Clinton's Trial Can Be Avoided



By Richard L. Berke  
New York Times Service

**WASHINGTON** — Even as the White House scrambles for a deal to rescue President Bill Clinton, Republican and Democratic senators say it is highly unlikely that the president can avoid a divisive and possibly protracted trial in the Senate if the House votes to impeach him.

Some Senate Democrats embraced a proposal put forward by Bob Dole, the former Senate Republican leader, for the Senate to halt the process by passing a tough censure measure that the president would have to sign.

White House officials also said they hoped that Mr. Dole's censure would provide cover for Republicans who do not want to go ahead with a trial.

But as House Republicans hurried toward impeachment, even Democrats conceded that it was probably too late for senators to try to broker a deal.

Beyond the pace of events, they said that a sense of duty would ultimately prevail on senators to act as jurors and weigh the evidence presented by the House.

The situation is deteriorating rapidly. It is now very likely a trial is going to be held in the United States Senate for the removal of Bill Clinton," said Senator Robert Torricelli, Democrat of New Jersey.

Mr. Torricelli nevertheless welcomed the Dole proposal. "We do no service to the country to operate in denial."

Senator Arlen Specter, Republican of Pennsylvania, who thinks there

should be a trial, said: "If the House returns articles of impeachment, we're past the point of no return." The Dole proposal, he said, "is a sophisticated form of censure and would not be acceptable."

Senator Joseph Lieberman, Democrat of Connecticut, who favors censure, said he believed a "trial will start" if the House votes to impeach the president. The Senate, he said, has a "constitutional obligation" to examine the evidence.

For weeks many senators had declined to publicly discuss the impeachment inquiry, saying they did not seriously believe it would reach the Senate.

But in interviews Tuesday, several in both parties said that they were stunned by the turn of events in the House and that they were now preparing for a trial.

Some senators noted, however, that the White House scandal had been marked by surprising turns, and cautioned that it was not inconceivable that the dynamic could somehow change after the House acts — or if Mr. Clinton makes a dramatic appeal to the Congress.

Even so, several senators said they had begun reading up on the history of impeachment.

"Before it was kind of theater, it was surreal," said Senator Charles Hagel, Republican of Nebraska, who has not stated his position on whether he would vote to convict the president.

"Now we're what stands between the president going to the gallows and being set free. And that's a pretty serious responsibility."

Senator John McCain, Republican of Arizona, said that until a few days ago he did not think a Senate trial would take place. But now, Mr. McCain said he believes there will be a trial "because you can't ignore constitutionally what the House has done."

The senator said he did not know how he would vote.

Yet senators did not rule out the possibility that the Senate would settle on a compromise short of conviction after a trial was under way. Under Senate rules, a trial could be abandoned at any point by a majority vote. That could happen if members decided to censure Mr. Clinton or rebuke him in some other fashion.

Even as they anticipate a trial, Democratic and Republican senators said it still appeared unlikely that there was the two-thirds majority necessary under the constitution to remove a president from office. Still, many senators have refused to say how they might vote, citing their roles as jurors in a trial.

"The conventional wisdom is probably right that there are not two-thirds," Mr. Specter said. "But it's conceivable that in a trial attitudes could be changed."

It is not likely reassuring to White House officials that many Democrats, rather than speaking up for the president, are standing by silently, refraining from saying they would oppose any drive to remove him from office.

"As far as I know," Mr. Lieberman said, "hardly any of my colleagues in the Senate have said how they would vote."

## POLITICAL NOTES

### Friedan and Livingston Fail (Surprise!) to Bond

**WASHINGTON** — In a day marked by a frenzy of electronic and in-person lobbying, 20 feminist leaders held a news conference in support of President Bill Clinton and then marched unannounced on the office of the incoming House speaker, Bob Livingston. They were granted a 20-minute session with the Louisiana Republican. It ended swiftly and sourly.

"He was extremely insulting to the modern American women's movement," said Betty Friedan, the feminist who earlier dismissed the entire constitutional crisis as the work of a "bunch of dirty old white men trying to use sexual issues wrongly."

The women complained that Mr. Livingston had insulted their feminist credentials on Tuesday, questioning how they could defend Mr. Clinton's conduct with a young woman intern, Monica Lewinsky.

The interaction between Mr. Livingston and the women was probably one of the least-successful examples Tuesday of grassroots lobbying in Washington, no matter how colorful it proved to be.

"I did not insult one of them," Mr. Livingston said. "I resent that. They marched over without an appointment, and I said I thought my mother was as much a feminist as anyone in the crowd." (NYT)

**Has Clinton Peaked?**

**WASHINGTON** — Barring a last-minute downturn, 1998 will be the high water mark for public support of the job that President Clinton is doing.

This year, his average job approval rating

in Washington Post and ABC News polls is 62 percent, up from 58 percent in 1997, 55 percent in 1996 and even lower in the first three years of his presidency.

His strong ratings have occurred during a year in which his admitted improper relationship with a former staff intern has led to the possibility of his impeachment. Aside from defying scandal gravity, the pattern of Mr. Clinton's ratings also is bucking the historical trend.

The pattern for modern presidential approval ratings is "honeymoon, disillusionment and forgiveness," writes a University of Arizona presidential scholar, Lyn Ragsdale. A president comes into office with high ratings, but the public eventually becomes disenchanted and support dwindles, only to rally a bit at the end of his term.

Mr. Clinton essentially missed out on his honeymoon, Ms. Ragsdale noted. Remember gays in the military?

"Unlike other presidents who played their symbolic cards better in the first six months in office, Clinton did not," she said.

This year's high approval numbers, Ms. Ragsdale added, suggest that "people are actually judging on his job performance, not on his personal problems, and this is a very well-entrenched, consistent judgment which most people made for the first time in 1992." (WP)

### Quote/Unquote

**Robert Torricelli**, Democratic senator from New Jersey: "The situation is deteriorating rapidly. It is now very likely a trial is going to be held in the United States Senate for the removal of Bill Clinton. We do no service to the country to operate in denial." (NYT)

are going to come to our defense," one cabinet member said. "Do you think that the American business community is going to take on the Republican leadership, even if they think this whole thing is nuts? CEOs are not about to stick their necks out, not on this one."

In part that reflects the natural divide between business executives and politicians, who, especially in good times, have very different priorities.

"To the extent I can tell, this hasn't been on people's radar screens," said Jeffrey Garten, the dean of the Yale School of Management and a former top official in the Commerce Department. "When you talk to CEOs now, what they are worried about is deflation, and the prospect that they are heading into an era of brutal competition and massive restructuring. The fact that Bill Clinton will be diminished in the next 18 months is not their greatest concern."

## As Market Rebounds, Business Lobbies Stay Out of Impeachment Issue

By David E. Sanger  
New York Times Service

**WASHINGTON** — Over the years Bill Clinton had no better friend in the business world than the Wall Street partnership of Goldman, Sachs & Co. In 1992 and 1996, the firm was among his largest donors and fund-raisers. Treasury Secretary Robert Rubin once ran the place, and as world markets melted over the last 18 months, the phone lines between Goldman and Washington were constantly abuzz.

But over the last week, as an impeachment of the president has moved from a distant possibility to a strong likelihood, Goldman's top executives say they have started no phone campaigns and twisted no arms. Indeed, many of Mr. Clinton's allies in the business world — from Silicon Valley to Wall Street — say they are sitting this one out even though they think a prolonged

Senate trial could trigger a market shock.

"I think this will have more impact in financial markets than people commonly believe, particularly if it drags on," Jon Corzine, Goldman's co-chairman, said this week as more Republican moderates declared they would vote for impeachment.

"Apart from the merits of the question, it's an unattractive debate for the markets because they don't like uncertainty, and an inability to respond to tough situations," he added.

Yet, Mr. Corzine says he has made no telephone calls to members of Congress on the issue. He said he and other executives were concerned that any organized lobbying effort might backfire, hurting Mr. Clinton.

There have been some organized lobbying efforts: Representative Brian Bilbray, Republican of California, has received a flood of calls from Silicon Valley executives who say they are

not defending Mr. Clinton, but fear that a prolonged fight could damage the economy, members of Mr. Bilbray's staff said.

Mr. Clinton's aides raise the same specter, noting that these days, the United States is the keystone to the world economy — and any suggestion that its executive branch will spend more time fighting for survival could send a chill around the world. It is an argument that, right or wrong, would have resonated far more widely in September and October, when the world economy seemed at the precipice of disaster.

After all, the market meltdowns that raced around the world this fall began on Aug. 17, the day that Mr. Clinton testified in front of the grand jury. But that was also the day that Russia announced a default on its debt, and in the end Russia's troubles, rather than Mr. Clinton's, were blamed for the flight from emerging markets around the world.

But at least for now, the situation looks less perilous. The U.S. markets have recovered, even if much of the rest of the world has not.

And in the absence of economic pain here, the gathering storm of impeachment has created more confusion than fear in the business and financial worlds.

"I haven't heard anything but questions from my members," said Tom Donahue, president and chief executive of the U.S. Chamber of Commerce. "No one is yelling 'Stop this thing!'" Business executives don't know if they are on this side or that."

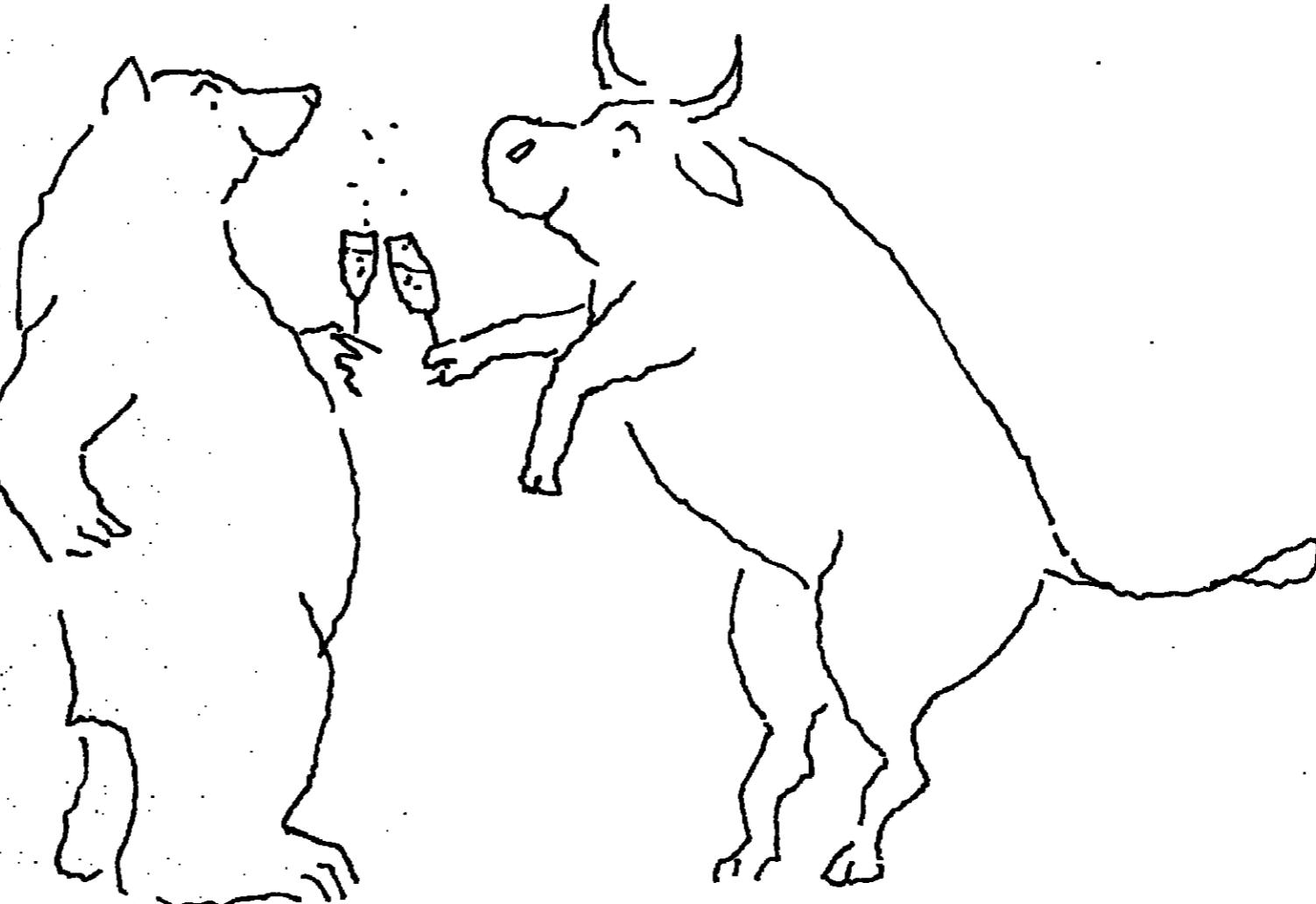
Mr. Donahue notes, though, that he has heard "nothing from the White House," which turns to him regularly during legislative battles.

Other executives say the same, and Mr. Clinton's aides say they have deliberately avoided anything that would resemble a lobbying effort.

"It's just silly to think that many of these guys

WATCH OUT DAX, HERE WE COME!

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## INTERNATIONAL

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**South Koreans Say They Cloned, Then Killed, Human Cell**By Sheryl WuDunn  
*New York Times Service*

**SEOUL** — South Korean scientists said Wednesday that they had cloned a human cell from an infertile woman, creating an embryo that theoretically could have grown into a physical replica of the woman. But they said that because of the legal and ethical implications of their work, they stopped the experiment and did not try to breed a human clone.

The research has not been confirmed or reviewed by other scientists, although some said Wednesday that it was plausible and that they believed it

probably had happened. If the experiment is confirmed and its results published in a scientific journal, it would probably be the first publicly disclosed cloning experiment on a human being.

In the experiment, conducted by a three-man research team at the Kyunghee University Hospital, a major hospital in Seoul, scientists at an infertility clinic cultivated a human embryo by using an unfertilized egg and an ordinary, or somatic, cell donated by a woman in her 30s. They used a technique similar to the one used in July by a scientist who cloned mice in Hawaii.

The Korean government restricts the cloning of humans, though it does not ban it outright. There is

a significant amount of cloning experimentation in South Korea, and some experts say that cloning in South Korea is about as advanced as that in Japan, where scientists recently cloned eight calves from a single adult cow.

Yukio Tsunoda, a scientist at Kinki University who led the cloning of the eight calves, said that he had little information on the research work by the Korean team. But he said that since cloning of animals could be done, he did not see why cloning humans could not. Moreover, he said it was possible that human cloning to the same stage reached by the Korean team may have been done secretly in other countries. Rather than admiration, however, the

work in Korea inspired outrage and was denounced by lawmakers and civic groups in Seoul.

"We oppose the cloning of human cells," said Jung Myong Hee, director of Green Korea United, a group concerned with ethics in biology and environmental pollution. "This is not an advancement for medical technology and now we have to be prepared to accept international criticism. The result of this experiment is not something Koreans should be proud of."

Mr. Jung added, "The only reason other countries have not developed this technology is because they feared the ethical repercussions, not because they lacked the technology."

## BRIEFLY

**Opposition Leader In Guinea Arrested**

**CONAKRY, Guinea** — Tension rose in Guinea on Wednesday after a leading opponent of President Lansana Conte was arrested a day after the second multiparty presidential election in the country's history.

The Interior Ministry said that Alpha Condé, runner-up to Mr. Conte in the West African country's first presidential election — since 1993, had been arrested trying to cross the closed border into Ivory Coast in disguise.

"There is a clear law which says that Guinea's borders are closed from Dec. 5 to 20," an official, Kindi Bangoma, said. He referred to special security measures introduced for the election.

There was no immediate comment from the opposition.

Witnesses reported that youths loyal to the opposition had taken to the streets in some districts of the capital and were pelting cars with stones. Some international agencies told their staff to leave their offices and stay at home. (Reuters)

**Curbs on Chechens**

**GROZNY, Russia** — Chechens awoke on Wednesday to a state of emergency in the breakaway Russian region, but there were no signs of any increased security in the capital, Grozny.

There were no additional checkpoints or military personnel on the streets.

Parliament declared the 30-day state of emergency on Tuesday to take effect overnight in response to a wave of lawlessness that culminated with the beheading of four Western hostages last week.

President Aslan Maskhadov appealed to Chechens in a televised address to gather in Grozny on Thursday morning at a meeting to protest the violent activities of warlords he accuses of leading a kidnapping ring. (Reuters)

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**'Hammer' of the House****Republican Whip, Arch Enemy of Clinton, Skillfully Wields Newly Expanded Power**By Eric Pianin  
and Kevin Merida  
*Washington Post Service*

**WASHINGTON** — Tom DeLay, the House majority whip, took time out from his relentless campaign to impeach President Bill Clinton to field a call from an angry Massachusetts voter.

"This is Tom DeLay himself," he told the caller, who had demanded that Congress call a halt to impeachment and get back to more important business. He and his colleagues, Mr. DeLay said, were doing "what we're supposed to do."

But we will impeach this president," the Texas Republican said.

The third-ranking Republican House leader has been dubbed "The Hammer" for his skills at squeezing out votes, and Democrats assert that he is up to his old tricks in applying pressure to wayward Republicans to get behind impeachment.

But Mr. DeLay, in fact, is perhaps on the verge of his greatest success thanks to less overtly heavy-handed tactics, according to other members and aides.

By offering tough public pronouncements denouncing the president even as other party members urged retreat, the one-time pest exterminator from Houston helped revive the once-faltering impeachment drive. And Mr. DeLay engaged in shrewd tactical maneuvering to thwart the Democrats' proposal for a censure alternative that threatened to drain votes away from the impeachment forces.

"He played the critical leadership role," said John Feehery, a Republican strategist and former DeLay aide. "He's the one who spoke out first and most eloquently."

"He had the clearest vision of what needed to be done," Mr. Feehery added.

Though he is acting like a winner, Mr. DeLay is cautious about not sounding

**Spain Lawyers Say Law Lord Had No Bias**

The Associated Press

**LONDON** — Lawyers for the Spanish government acknowledged Wednesday that a Law Lord linked to Amnesty International who ruled against General Augusto Pinochet had liberal views, but said these did not sway him against the former Chilean dictator.

"Some of your Lordships tend to take a more conservative approach and some a more liberal approach to matters concerning human rights," Alun Jones, a lawyer, told a five-judge tribunal in the House of Lords, Britain's highest court.

Discussion in British courts of the political views of judges is highly unusual and the uniqueness of the case, in which General Pinochet's lawyers seek to nullify a 3-2 ruling that he has no immunity from prosecution as a former foreign head of state.

At the end of the two-day hearing, the judges said they might render their decision Thursday morning. If not, it will not be announced until after Christmas, they said.

The 83-year-old general was arrested Oct. 16 in London on a Spanish extradition warrant accusing him of genocide and other crimes against humanity committed during his 17-year reign.

General Pinochet's lawyers had asserted Tuesday, the start of the hearing, that the Lords' Nov. 25 ruling denying him immunity should be overturned because one judge, Lord Hoffmann, is director of Amnesty International's fundraising arm. In addition, Lord Hoffmann's wife, Gillian, has worked since 1977 in Amnesty's London office.

The human rights group says the Hoffmann, South African opponents of apartheid who came to Britain in the 1960s, played no part in its 25-year campaign to put General Pinochet on trial.

Both sides acknowledged, however, that a key question is why Lord Hoffmann did not disclose his close ties with Amnesty before the first hearing, as is routine with judges.

General Pinochet's attorney, Clare Montgomery, said Wednesday that any reasonable person would believe Lord Hoffmann must have been predisposed against General Pinochet, adding, "That appearance cannot be allowed to stand."

General Pinochet's lawyers returned to the Lords after failing to persuade the British cabinet member with the final say on extradition. Home Secretary Jack Straw, that Lord Hoffmann was biased. Mr. Straw ruled Dec. 9 that Spain can start extradition proceedings in the courts.

like one in advance of the House vote. "I'd say that the president is in real trouble," Mr. DeLay said in an interview Tuesday. "Things are rather sad right now, solemn. This is a very serious thing that the institution of the United States has only done one other time. And it's a tragedy that this president has brought us to this point."

Mr. DeLay, the president's self-proclaimed arch enemy, emerged from the Republicans' dismal showing in the November elections more powerful than before. When the House speaker, Newt Gingrich, Republican of Georgia, announced that he would step aside, Mr. DeLay, the top Republican vote-counter and political enforcer, quickly threw his support to Representative Bob Livingston, Republican of Louisiana, and used his whip network to help Mr. Livingston seal his victory as speaker.

And while some Republicans fretted that their party was headed for even worse political disaster unless they delayed impeachment proceedings that were opposed by most Americans, Mr. DeLay demanded that Mr. Clinton resign and turned up the heat on the House Judiciary Committee proceedings. He eagerly filled the temporary power vacuum caused by Mr. Gingrich's abrupt departure and coaxed Mr. Livingston to take a tough stand for impeachment and against censure.

The speaker-to-be obliged last weekend, spawning a Democratic censure vote after the Judiciary Committee voted out four articles of impeachment.

Normally, a big looming vote in the House is attended by air-cracking hubbub and furious last-minute maneuvering by the powerful whip's operation. But Mr. DeLay and his allies have been so successful that it appeared his work was almost done, as many of the previously uncommitted Republicans have announced this week they would vote for impeachment.

Mr. DeLay has described the impending action as a "vote of conscience" and insists that neither he nor his huge whip organization has sought to put pressure on undecided members. But he and Mr. Livingston have said publicly that they would take a dim view of any Republican who refused to back up the leadership in blocking a floor vote on censure.

Representative John Conyers Jr. of Michigan, the ranking Democrat on the Judiciary Committee, said recently:

"Now, DeLay doesn't count by going knocking on your door saying, 'Would you fill in one of these boxes and send it back to me?' He goes in there with what?

The hammer."

Some Democrats complained that pressure from Mr. DeLay and other leaders was behind the announcement Tuesday by Representative Jack Quinn, a moderate New York Republican and early opponent of impeachment, that he had changed his mind and would vote to impeach Mr. Clinton.

But both Mr. Quinn and Mr. DeLay denied that they had conferred before Mr. Quinn reversed his position and insisted there was no leadership meddling or pressure.

Mr. DeLay said the Democratic criticism "fits in with the pattern of conduct that the president is in trouble for — lying, covering up, stonewalling and demonizing their enemies."

**CLINTON: House Considers Delaying Vote**

Continued from Page 1

time for Democrats and Republicans to come together and embrace a bipartisan compromise to seek a resolution that is both quick and fair, and try to turn away from the bitter partisanship that we have seen so far," he said.

There was a grim and spreading sense among Democratic leaders that the impeachment battle was lost, and that the matter would go to the Senate for a trial. Conviction, meaning Mr. Clinton's removal from office, would require the votes of 67 of the 100 members, which is not expected.

Attempts to win over enough moderate Republicans in the House to block impeachment had "all but failed," Representative Martin Frost of Texas, the Democratic House Caucus chairman, told The Houston Chronicle.

Still, he and his Republican counterpart were meeting with members Wednesday for a last attempt to make their case.

An attack on Iraq could change the political calculus in unknowable ways.

Many of Mr. Clinton's fiercest Republican critics have been also strong proponents of decisive military action against the government of President Saddam Hussein, and criticized him last time he held back from attacking to give the latest accord with Iraq a chance to work.

Senator John McCain, Republican of Arizona, said that Mr. Clinton could win public support if he acts decisively now.

"Obviously, there will be those who will question his motives and timing."

"I believe on Capitol Hill there is still

time for Democrats and Republicans to come together and embrace a bipartisan compromise to seek a resolution that is both quick and fair, and try to turn away from the bitter partisanship that we have seen so far," he said.

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"I believe on Capitol Hill there is still

**Zimbabwean Says He Fled Persecution**

Continued from Page 1

HARARE, Zimbabwe — Zimbabwe's former president, Canaan Banana, who jumped bail shortly before he was convicted of sodomy last month, said Wednesday that he fled because he had "dangerous information" to discuss with regional leaders.

Mr. Banana told a High Court judge, Godfrey Chidyausiku, that he was being persecuted by his political enemies. Judge Chidyausiku remanded him under house arrest until his sentencing next Wednesday.

Mr. Banana, Zimbabwe's titular president until 1987, returned home Tuesday night after illegally slipping into Botswana and then South Africa, where he met with President Nelson Mandela on Dec. 3. (Reuters, AP)

said Mr. McCain, a ranking member of the Armed Services Committee. But, he said, "I think he will receive significant support because it's pretty obvious that Saddam Hussein is neither complying nor cooperating" with the UN arms inspectors.

Mr. Clinton, who returned late Tuesday from his four-day Middle East visit, began his day Wednesday with a 45-minute briefing in the White House Situation Room from his top national security advisers. He received updates through the day.

"In moments of crisis the leadership of a nation is chosen," he said. "We reached a crisis, and we need to overcome it."

Lawmakers talked earlier Wednesday

ists in his coalition. But pressure from Turkey and the United States, which also regards Mr. Ocalan as a terrorist, has made political asylum less palatable. Human rights groups have also charged Mr. Ocalan with killing civilians.

That pressure led Italy and other countries to consider the option of a trial in an international court. Turkey is vehemently opposed, however, because it is worried that Mr. Ocalan would try to use such a trial as a forum for airing the grievances of the Kurdish separatist movement.

Lawyers representing Mr. Ocalan said that although he was free to leave Rome, Mr. Ocalan had decided to stay in the apartment where he had been held and await a decision on political asylum.

A commission of the Italian Interior Ministry was expected to reach a decision on political asylum by the end of December or early January. But Mr. D'Alema, a former Communist, refused to rule out political asylum, a choice favored by some leftists.

**ITALY: Appeals Court Frees Kurdish Rebel**

Continued from Page 1

Ocalan's arrest in 1990 on homicide charges, declined to ask for his extradition, fearing of repercussions from Turkey and from Turks residing in Germany. Chancellor Gerhard Schröder said that an international court should try the guerrilla leader, but did not volunteer Germany as a venue.

Italy has also suggested that an international trial might be a suitable way of bringing Mr. Ocalan to justice, but was hoping the court could be convened elsewhere in Europe.

On Wednesday, both Mr. D'Alema and his foreign minister, Lamberto Dini, said that Italy would either have to make Mr. Ocalan available for trial or expel him. Neither mentioned a third option of granting Mr. Ocalan political asylum.

Early on, Mr. D'Alema, a former Communist, refused to rule out political asylum, a choice favored by some leftists.

These are the correct principles which are needed for the state of Israel, to ensure its future," he said. "It is necessary to unite most of the forces behind them."

But many hard-liners, who are loath to cede further territory to the Palestinians, say they no longer believe Mr. Netanyahu when he promises not to make any further concessions.

Mr. Arafat has said he reserves the right to declare an independent state in May in the absence of a final peace agreement, a position Mr. Netanyahu says the Palestinian must publicly announce for the Wye deal to proceed.

A Palestinian negotiator, Hassan Arafat, said Mr. Netanyahu wanted to bury the deal that Mr. Clinton tried and failed to keep on track during his visit.

"We have fully respected our obligations and we will continue respecting them," said the Palestinian information minister, Yasser Abed Rabbo. (Reuters, AP)

INTE

## EUROPE

## Milosevic Accuses U.S. Of Backing 'Terrorists'

Compiled by Our Staff From Dispatches

BELGRADE — After meeting American envoys who were seeking to revitalize the Kosovo peace process, the president of Yugoslavia assured the United States on Wednesday what he said was its support for ethnic Albanian "terrorists," and he vowed to crush them.

In a statement, President Slobodan Milosevic said American representatives in the United Nations Security Council were "losing credibility" by blocking UN statements denouncing ethnic Albanian rebels.

Yugoslav security forces "are determined to protect their citizens, and property and will suppress terrorism regardless of the support it has," Mr. Milosevic said.

He said those "terrorist bandits with a criminal face" who gunned down six young Serbs late Monday in a bar in the western town of Peć "will be found, wherever they are."

After the late-night talks with Mr. Milosevic on Tuesday, the U.S. envoy, Richard Holbrooke, acknowledged a huge divide between Serbs and Kosovo's ethnic Albanians on the future of the province in the aftermath of violence that marred an informal peace deal and left 42 people dead.

"The gap between the Serbs and the Albanians on the future of Kosovo is very grave," Mr. Holbrooke said, without detailing his talk with Mr. Milosevic.

The Yugoslav Army said it killed 36 ethnic Albanian rebels and wounded a dozen in a five-hour gun battle near the border with Albania on Monday. The guerrillas use Albania as a sanctuary and conduit for arms.

In Peć, six Serbs, including five teenagers, were killed and three were

wounded when unidentified assailants opened fire in a bar.

Serbian officials and media were quick to attribute the killings to ethnic Albanian rebels fighting for Kosovo's secession, and started a massive anti-Albanian campaign.

A mournful crowd of 5,000 gathered to remember the victims in a fence silence that permeated Peć on Wednesday. An additional 2,000 to 3,000 Serbs attended protest rally in the capital, Pristina.

Western inspectors in Kosovo said they do not know who was behind the Peć slayings, but speculated that they were conducted by guerrilla forces in retaliation for the slayings at the border. The 36 people killed there, including two women, were all wearing Kosovo Liberation Army uniforms, and several inspectors said the victims appeared to have been part of a larger force attempting to cross the border, a longstanding conduit for the influx of arms and fighters into Kosovo. (AP, WP)

### Plan for Bosnia Adopted

More than 40 countries sponsoring efforts to rebuild Bosnia adopted a sweeping plan Wednesday calling on the leaders of the war-torn Balkan nation to take urgent action to achieve a lasting peace. Reuters reported from Madrid.

The Peace Implementation Council, meeting for the third time since the end of the 1992-95 Bosnian war, issued a detailed blueprint designed to bridge the country's ethnic divide.

Delegates urged Bosnia leaders to stick to their commitments under the U.S.-brokered 1995 Dayton peace accords requiring them to allow the return of hundreds of thousands of refugees and help in the arrest of indicted war criminals.



Leone Calvi, right, watching workers brushing off the coffin of his brother in Drezza, Italy, on Wednesday. The corpse will be examined in an ongoing probe of Roberto Calvi's 1982 death.

## Italian Financier's Corpse Is Exhumed

Compiled by Our Staff From Dispatches

DREZZO, Italy — As his son and a judge looked on, the corpse of the Vatican-connected financier Roberto Calvi was exhumed Wednesday to determine whether his 1982 death was murder or suicide.

Prosecutors hope a new examination of the body will shed light on the death of Mr. Calvi, whose corpse was found hanging from Blackfriars Bridge in London after Italy's biggest postwar banking scandal.

Policemen, magistrates and family members gathered in this tiny town on the Swiss-Italian border as workmen opened the gray granite family vault, the biggest in the small cemetery.

The remains were taken to Milan for tests. Forensic scientists will look for signs of whether the man known as "God's banker" for his close

ties to the Vatican was murdered before being transported to Blackfriars Bridge.

A British coroners' court 16 years ago ruled Mr. Calvi's death a suicide. But his son Carlo, his widow, Clara, and many Italians believe he was murdered.

Two Rome-based magistrates are trying to ascertain if Mr. Calvi was strangled or perhaps poisoned in his luxury London flat before he was found hanging on June 18, 1982.

Carlo Calvi said he expected magistrates to prove that his father was killed by hired hitmen acting on behalf of Italian political figures damaged by the collapse of Banco Ambrosiano. Mr. Calvi was the former chairman of Banco Ambrosiano, which collapsed in 1982 after he fled to London.

He was found dead days after the bank collapsed. (AP, Reuters)

## BRIEFLY

## Spain Upbeat on EU Funding

MADRID — The foreign ministers of Spain and Germany, the two countries on opposite ends of a European Union dispute over future funding, said Wednesday that they were moving toward a compromise.

"We worked very constructively on both sides in a constructive spirit that allows us to be optimistic," Abel Matutes of Spain said after a meeting with his German counterpart, Joschka Fischer.

Germany assumes the six-month rotating presidency of the 15-member EU in January. At an EU summit meeting in Vienna at the weekend, Chancellor Gerhard Schroeder said Germany, the bloc's biggest contributor, wanted to cut its net contribution of 22 billion Deutsche marks (\$13.28 billion) a year by one-third. (Reuters)

## 13 Die as Rome Building Falls

ROME — At least 13 people died and about 20 were missing after a five-story Rome apartment block collapsed Wednesday.

Luigi Abete, the chief firefighter, said he held out little hope of any survivors being found, adding that he feared the final death toll could be between 30 and 35.

Fire chiefs said that subsidence or structural faults were the possible causes of the collapse. (Reuters)

## Bertelsmann and Nazi Links?

BONN — Bertelsmann AG, the world's largest publisher of English-language books, has become the latest German company to come under fire over its alleged links with the Nazi regime.

Hersch Fischer, an independent researcher, said Wednesday that recent findings showed that Bertelsmann, which in the past had insisted it actively opposed Nazi rule from 1933 to 1945, had mass-produced titles reflecting Nazi ideology. (Reuters)

## For the Record

Jean-Marie Le Pen, the embattled leader of the far-right National Front in France, purged 14 regional party leaders who sided with Bruno Megret, his suspended deputy, in a bid to oust him. (Reuters)

## Irish Flirt With NATO Link

### Longstanding Military Neutrality May Be Relaxed

By James F. Clarity  
New York Times Service

DUBLIN — The government is moving cautiously but unmistakably toward a relaxation of Ireland's bedrock national policy: the military neutrality it has proudly maintained since it gained independence from Britain 76 years ago.

The change is being pressed by Foreign Minister David Andrews, whose governing political party, Fianna Fáil, has always denounced any move away from strict neutrality as treasonous Ireland, it says, is non-

"It is a hugely emotional issue," said Páigus Finlay, a political consultant and former senior official in the Foreign Affairs Department.

"For neutrality, read 'independence.' For an awful lot of people neutrality is the cornerstone of our foreign policy."

Now Mr. Andrews, in radio and television interviews and newspaper articles, is arguing

"For neutrality, read independence. For an awful lot of people neutrality is the cornerstone of our foreign policy."

that Ireland's neutrality should be reconsidered to permit the country to join the American-sponsored Partnership for Peace, a group of countries that do not belong to the North Atlantic Treaty Organization but have agreed to coordinate military policies with it.

Mr. Andrews said that the government would decide on the issue next year and that the decision could lead to a referendum on neutrality.

Some officials and diplomats say the government will try to avoid a referendum by arguing that one is needed only if Ireland's neutrality is threatened and that the association with NATO is not such a threat.

The shift away from strict neutrality has been argued on Ireland for several years by the United States and by Ireland's European neighbors.

In 1994 the U.S. ambassador to NATO, Robert Hunter, urged Dublin to urge top Irish officials to join the Partnership for Peace program, which falls short of full membership.

When the new ambassador, Michael Sullivan, arrives in Dublin in January, he is expected to restate the White House view that Ireland should join the partnership.

It is not, officials say, that the 120,000-strong Irish Army would play a major role in a big European war. Its role would continue to

be as a peacekeeper, like the force of 700 Irish soldiers now in southern Lebanon.

But in a sense, America and European diplomats say, Ireland owes allegiance.

After remaining neutral in World War II, Ireland received the protection of the U.S. nuclear umbrella during the Cold War. At the same time, it received about \$30 billion in development aid from the European Union.

While 40,000 Irish volunteers fought in the British Army in World War II, many Irish men and women recall, with some shame, that on the death of Adolf Hitler in 1945 Prime Minister Éamon de Valera signed a condolence book at the German Embassy.

He later said that at the time, unlike other European leaders, he did not know of the Holocaust.

Neutrality has had a deep impact on modern Ireland. Mr. De Valera's decision to keep Ireland neutral, which enraged Winston Churchill, was based, historians say, on a fear that there would be public disorder, if not civil war, if Irish troops were ordered to fight with those of Britain, the despised colonial power in Ireland until 1922.

Some historians say that because Northern Ireland, as a British province, sent tens of thousands of troops to the war, a result was a tightening of the political union between the Protestant-dominated North and the London government. This, in turn, made it politically difficult for London to agree to talk giving the overwhelmingly Roman Catholic Irish Republic more influence in Northern affairs. The new Northern Ireland peace agreement approved in the spring tries to solve that problem.

Enemies of any relaxation of neutrality include fringe nationalists who have argued that the partnership would lead to British soldiers' ordering Irish troops in battle or even in barracks in Ireland.

Other opponents include the Green Party, which delights in pointing out that the United States has not paid its full United Nations dues and that this slows down payments to the Irish Army for its service in Lebanon.

"Most people would see the partnership as a stepping-stone to NATO," Mr. Finlay said.

Mr. Andrews wrote in The Irish Times that "as a voluntary, nonbinding security framework based on cooperation," the partnership has been joined by "all the other European neutral nations, Austria, Finland, Sweden and Switzerland."

"It does not entail membership of any alliance," he added, "and since a country which goes to such enormous lengths to defend its neutrality, such as Switzerland, has no difficulty participating, I do not believe that the case against our participation on these grounds is persuasive."

## UN Solicits Aid For 16 Countries

Reuters

GENEVA — The United Nations, fighting "donor fatigue," launched a package appeal Wednesday for \$1.3 billion in urgent humanitarian assistance next year to 16 countries facing what it calls complex emergencies.

It is the first time the UN has made an appeal for several countries at once through a single document.

It was presented to donor states by the UN undersecretary for humanitarian affairs, Sergio Vieira de Mello.

"This figure is roughly equivalent to a half day's total military expenditure" globally, he said, "but will serve to protect some 25 million people from starvation or disease and help to rebuild lives destroyed by the scourge of war."

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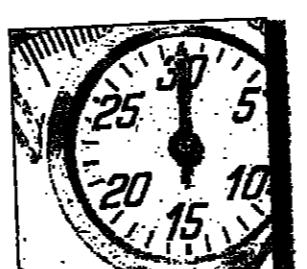
### Success Story

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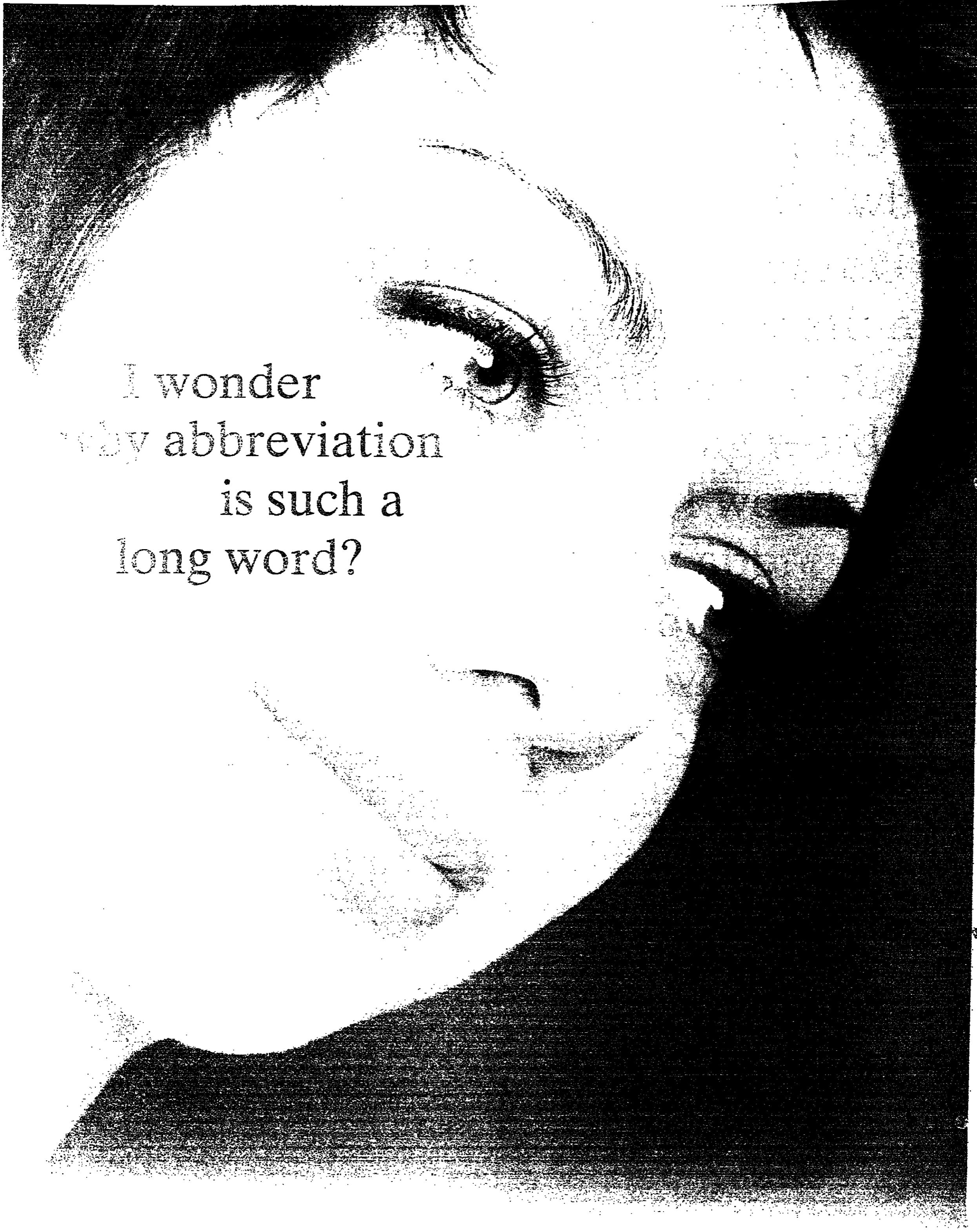


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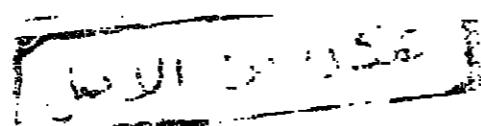


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## ASIA/PACIFIC

**The Road Not Taken: With TV's Help, Li Wei Chooses a Career**By Elisabeth Rosenthal  
New York Times Service

BEIJING — Li Wei, an affable college senior, spent sleepless months this year wrestling with a life-altering decision.

In January, he was offered a glamorous job at the Chinese headquarters of Procter &amp; Gamble, with a princely starting salary of almost \$700 a month, a plush apartment and a pension plan. To recruit him, the company, based in Cincinnati, flew him first class to its office in Guangzhou — his first flight ever — and put him up at a five-star hotel.

But in April, Mr. Li, 22, a brilliant physics major at Nanning University, received another offer, this one with more traditional cachet: a coveted place in the Ph.D. program in genetics at the Chinese Academy of Sciences, where he would share a concrete-floored dorm room with three other men and receive a \$30 living stipend each month. He bought the cheapest train ticket possible, a hard seat, to travel to Beijing to check it out.

For Mr. Li, it seemed a no-brainer.

"Of course, I said I would go to P&amp;G," said Mr. Li, the younger son of well-educated urban Chinese parents.

But his father, an economist at the provincial Communist Party school in Nanning, had other ideas.

"He thought the academy was a great

house that should do something for the country," Mr. Li recalled in a recent interview. "And he thinks that studying is the right road and business is bad."

And so Mr. Li's future became the rope in a nasty tug-of-war, with modesty, money and capitalism pulling him in one direction and tradition, family, and Communist ideology tugging powerfully in the other. In this fast-changing society, where career choices have expanded dramatically, a whole generation of Chinese is similarly torn.

Most classmates said he was crazy not to go corporate — 1,000 students at his college had applied to Procter &amp; Gamble and only 8 were accepted. But there was also "heavy pressure" from his parents to take the other path.

The gulf between old and new view-

points seemed hopelessly unbridgeable. And then — as so often happens in China today — the old and the new found a surprising, even surreal, common ground: Mr. Li and his parents agreed to go on a television talk show called "Just This Time" to resolve the impasse.

In early May, Mr. Li and his parents sat at separate tables, smiling nervously,

on the stage at Jiangsu studio in Nanjing: Mom in a conservative red dress; Dad in a white shirt and red tie, and Mr. Li in a neat polo shirt. The young host, Zhang Hongjun, with blow-dried hair and an announcement voice, introduced the live audience to Mr. Li's problem.

"Every year before graduation, all students' hearts are filled with confusion because they are facing so many choices today," Mr. Zhang began, introducing a slick video that showed Mr. Li at college, the elaborate contract from P&amp;G and his simple letter of acceptance from the academy.

Mr. Zhang spent the next half hour sprinting through the audience, sharing the microphone with Mr. Li, his parents,

his older brother (a doctoral student in engineering), his uncle and the dozens of people who felt compelled to give advice.

It was clear that the conundrum touched a deep chord. When viewers were told they could call after 9 P.M. to talk to Mr. Li, the station's switchboard was jammed until 2 A.M., prompting the station to schedule a second show on his decision.

That such debates occurred at all is extraordinary in a country where just five years ago most students were still being assigned jobs by the government. But by 1997, when Mr. Li started to ponder his future, students had "more choice than I ever dreamed I would have," Mr. Li said. And so, he both joined his friends at P&amp;G's campus recruiting session and, at his parents' behest, prepared for the academy's rigorous entrance exams.

From the start, he said, he was drawn to the corporate job for its promise of on-the-job training. The high salary was "seductive" for a Chinese who had grown up in the more austere 1980s and whose family had often been short

of cash despite two successful parents.

On the show, Mr. Zhang asked: "Do you think your dad is successful?"

Li Wei: "In his field he's successful, but not in terms of economic return."

Father: "That's not how I define success." (Li Wei shook his head and smiled; he'd heard this one before.)

Zhang: "Is that why you don't give him more money?"

Father: "He doesn't need money."

Li Wei: "Dad, come on, everyone needs money!"

Such debates rang through his circle of family and friends much of the spring.

"We begged him," admitted his mother, an accountant.

"To have him get his Ph.D. is my dream," said his father, a gregarious man who oozes pride when he speaks of his son. "I think these companies are occupying our market and grabbing our best personnel. I think he should do something for China, not for America."

After Li Wei agreed to go on the show, hundreds of strangers chimed in.

In the studio audience, a college English major applauded his courage in favoring P&amp;G. A young man in a button-down white shirt said, "If he wants to go to the company, he should. Why waste four years?" (Applause from Li Wei.)

But others in the audience and the vast majority of the callers took the opposing view.

"Why do you want to work for foreigners?" asked a caller who said she worked for a Chinese cosmetics company.

Today Mr. Li remembers his television experience with a little shudder. But he adds, it did help push him toward a decision:

A few weeks ago, he sat on a lower bunk in the dorm room he shares with three other students at the Academy of Sciences, ruminating over the road not taken. Room 510 is a Spartan place, decorated with a light-blue vinyl-covered wardrobe, a few bookshelves, a clothesline hung with socks, and four stacked plastic wash basins.

Mr. Li looked far more relaxed than he did on television.

"It was a very hard choice," he said. "P&amp;G was such a different life and coming here was the traditional way." He hopes eventually that he will study overseas and that there will be even better bridges awaiting him when he graduates.

Still, he said, there are moments of regret, like the time last month when a former classmate — who took one of those eight jobs at P&amp;G — passed through Beijing on a business trip. She was staying at one of the city's fanciest hotels, the Great Wall Sheraton.

"We stayed up all night drinking tea and chatting at the hotel," he said with a wistful look. "It really made me think."

**Father Enters Fray In a China Trial**

BEIJING — Protesting the lack of a defense attorney, the father of a prominent Chinese dissident will seek a delay in his son's trial for subversion, scheduled to start Thursday in the central city of Wuhan.

The defendant is Qin Yongmin, 45, a democracy advocate who has spent 10 years in prison or labor camps in the past and recently promoted an alternative political party.

Before the scheduled start of his trial Thursday, his father plans to present the court a written plea for postponement. The father, Qin Qinguo, 75, said Wednesday by telephone that he would walk out of the court if the plea is ignored.

Under the Code of Criminal Procedure, all criminal defendants have the right to a defense attorney. But the elder Mr. Qin said some lawyers he had approached refused to take the case while security officials had warned others not to get involved. He said that he had not agreed with his son's political tactics but felt he had no choice but to protest his treatment. Qin Yongmin was arrested Oct. 30. (NYT)

**Confession Forced, Anwar Kin Says**

KUALA LUMPUR — Lawyers for the former deputy prime minister of Malaysia, Anwar Ibrahim, read at his trial Wednesday a letter quoting his adopted brother as saying he had been tortured by police into lying that Mr. Anwar had sodomized him.

Prosecutors promised to prove, possibly with videotapes, that Sukma Dermawati had confessed voluntarily.

One of Mr. Anwar's lawyers read Mr. Sukma's letter aloud while questioning the police officer who led the investigation of Mr. Anwar. Mr. Anwar has denied the corruption and sex charges. (Reuters)

**For the Record**

At least 15 people were wounded by a grenade tossed into a crowded Philippine shopping mall in southern Zamboanga City, the police said Wednesday. The lone assailant escaped after the attack Tuesday night, about three hours before a 45-day cease-fire with Communist rebels took effect. (Reuters)

**Students Clash With Officers In Jakarta**

Reuters

JAKARTA — About 1,000 Indonesian students clashed with the police in Jakarta on Wednesday while in the country's east hundred of people rampaged, shouting "Burn Chinese shops!"

Witnesses in Jakarta said the police fired tear gas at the students as they tried to break through barricades near the defense department in the city's center.

A police spokesman said that at least 30 students had been arrested. Witnesses said at least one person had been injured, and there were unconfirmed reports of other injuries.

It was the first outbreak of violence in the capital in almost a week.

The students were demanding an end to the military's role in domestic politics and, for former President Suharto, to stand trial on graft charges.

Calling for a transitional government, another group of about 200 students managed to get into the presidential office compound in central Jakarta. President B.J. Habibie is out of the country, but in recent weeks troops have resisted any attempt by protesters to get into the compound area.

Elsewhere in the capital, hundreds of student protesters slowed rush-hour traffic as they demonstrated on the main

Wally Santana/The Associated Press  
Kim Dae Jung being assisted up the stairs Wednesday as he visited the Ho Chi Minh Mausoleum in Hanoi.**Kim Tells Vietnam of Regret Over South Korea's War Role**

The Associated Press

HANOI — President Kim Dae Jung of South Korea has expressed regret over his country's role in the Vietnam War for the first time, but Prime Minister Phan Van Khai of Vietnam said Wednesday that his country did not expect apologies or reparations.

South Korea sent 300,000 troops to Vietnam over about an eight-year period, fighting alongside U.S. forces. More than 5,000 were killed.

The South Korean expression of regret came during a meeting between Mr. Kim and Mr. Khai on the sidelines of the Association of South East Asian Nations summit meeting here.

"We are not asking anyone to apologize or provide us with reparations," Mr. Khai said when asked by reporters if the United States also should make a similar statement.

"If they feel regret for what they did in the past, that's their decision," he said. "We want to close the past, look to the future and build better relations with other nations."

At a dinner Wednesday, Mr. Kim referred to an "unfortunate period between our two countries" and expressed hope for "a progressive and future-oriented bilateral relationship." He also said he hoped that North Korea, which maintains friendly relations with Hanoi, "will learn a great lesson from the policy of reform and openness of Vietnam." It was Mr. Kim's first visit to Vietnam since he took office early this year.

In Samarinda, an oil town in the Indonesian part of Borneo island, more than 1,500 people attacked shops owned by ethnic Chinese.

The rioting erupted after a strike by about 500 transport workers demanding cheaper spare parts. It was not clear how many shops were damaged.

There were no reports of injuries due to the strife in Samarinda, in the province of Kalimantan, witnesses said.

The unrest was the latest in a spate of ethnic and religious attacks in the huge Indonesian archipelago as it grapples with deep economic recession and political instability.

**ASIA: Japan Unveils Another \$5 Billion in Loans as It Seeks to Counter Criticism of Its Role in Crisis**

Continued From Page 1

Southeast Asia and Japan by asserting its claims to sovereignty over the Spratly Islands in the South China Sea. Vital supplies of oil and other raw materials reach Japan via sea lanes that run through the area.

In a closed-door meeting Wednesday with Vice President Hu Jintao of China, four of the nine heads of government of the Association of South East Asian Nations voiced concern about China's occupation of Mischief Reef in the Spratlys, close to the Philippines, officials said.

President Joseph Estrada of the Philippines, who was one of the ASEAN leaders raising the issue, said afterward that Manila's position was that concerned parties should "exercise self-restraint and refrain from taking actions that would go against the peace, security and stability of South East Asia and the Asia-Pacific region."

"Unfortunately," he said, Mr. Hu did not respond in detail to the concerns expressed by the leaders. "Maybe he was pressed for time," Mr. Estrada added.

In a keynote address on the sidelines of the summit meeting of the leaders from 12 East Asian countries, including China,

South Korea and the ASEAN members, Mr. Obuchi said the region must "unite and cooperate," politically as well as economically, to resolve the economic crisis and settle strategic trouble spots in Korea and elsewhere that could flare up.

In his speech, which covered Japan's Asia policy, Mr. Obuchi said that the "backbone" of secure peace and stability in Asia had been the U.S. presence in the region and that Tokyo believed that a strong Japanese-U.S. security system was important in that context.

But Mr. Obuchi also said that the meeting in Hanoi should become a framework for "realizing regional cooperation in East Asia" and that Japan, China and South Korea should intensify their contacts and aim to form "a trilateral network of dialogue."

Analysts say Tokyo hopes its proposal will become the nucleus of an ASEAN-type organization for defusing tension and building cooperation in Northeast Asia, which at present lacks any such regional forum because of deep-seated mutual suspicions among countries in the area.

Mr. Obuchi said that as part of this cooperative process, Japan and Russia should be brought into the four-party talks seeking a permanent peace to the divided Korean Peninsula. The talks

now include the two Koreas, China and the United States.

Washington backs the Japanese bid to join the talks, but China and North Korea are opposed. "China wants to preserve its position," one Japanese official said. "The Chinese feel strongly about it."

Mr. Obuchi announced that Japan would provide concessional loans worth 600 billion yen (\$5.19 billion) over the next three years to help Asian countries stimulate growth and employment.

Japanese officials said that the credits — to be repaid over 40 years at an annual interest rate of 0.75 percent to 1 percent — would used to build infrastructure projects, such as roads, bridges and irrigation and flood-control works.

Under the "tied" conditions of the loans, Japanese companies are to carry out the contract work so that they benefit as well as Japan's neighbors.

The special loan facility is separate from the \$30 billion Miyazawa Initiative fund announced earlier by Tokyo.

Japan said Wednesday that Malaysia would get construction loans and trade financing worth about \$2 billion under the Miyazawa program, while Thailand would get \$1.85 billion in loans for similar purposes. Other countries eligible for the aid include Indonesia, the Philippines, South Korea and possibly Vietnam.

Southeast Asian officials welcomed the increased Japanese aid but said that Tokyo should act more effectively to strengthen its own economy so that Japanese investment and bank loans would start flowing into the region again and so that Japan would import more Asian goods.

Japan has been repeatedly criticized by Southeast Asian countries for not doing more to rectify a large trade imbalance. Figures compiled by the ASEAN secretariat show that in 1997, Japan sold the region goods worth more than \$71 billion but only bought items worth \$42 billion in return.

The Japanese government has drawn up a stimulus package worth a record \$206 billion in an effort to end its protracted recession, in which unemployment has risen to an all-time high, bankruptcies have soared and consumer spending and business confidence slumped.

In his speech, Mr. Obuchi said that revival of the Japanese economy and a recovery in the rest of East Asia were interlinked because of the importance of the region for Japan in terms of trade, investment and bank loans. ASEAN countries owed Japanese banks a total of more than \$362 billion at the end of 1997, according to the Bank of International Settlements.

Twenty men sit on benches outside, sharing a carton of sorghum beer. The women sit inside with the widow, their bare feet forming a tight circle on the floor of the two-room house as they silently weave wreaths.

Jecoa Forbes Nilovalo, who lives next door, stands outside with a small bowl and a sheet of paper, tallying the donations from neighbors and visitors. Mrs. Chaumba's burial society agreed to donate \$20 even though no Sibanda's relatives were members. That puts him over the top. There will be enough for a coffin, so Mr. Sibanda's body can be released.

By 8:30 A.M. Wednesday, about 70 mourners have gathered at the Sibanda home.

African funeral rituals vary, but they usually involve bringing the body into the home for at least one night, washing it, a public viewing, a graveside service, a big meal for the mourners and a week-long period of mourning in which friends and relatives sleep in the widow's room and around the house.

Besides the funeral itself, the family is expected to pay for the food and firewood, and some mourners even demand busfare home.

Largely for that reason, funerals in most countries have become radically shorter.

"Customarily, if my brother died, my uncles, cousins and grandmother used to come over and sleep at my house for a week to console me and keep me company," said Jean Ngwira of a United Nations project for HIV-infected people in Malawi. "Now they only stay a day or two."

In Uganda, said Dr. Diana Kabutesi, head of the Theta AIDS-education project, the custom of showing respect when a neighbor dies by not working in one's garden for four days has been dropped. "You can't afford to do that now," she said. "You'll have no food."

Dr. Rachel Baggaley, a World Health Organization AIDS specialist who spent

six years working with farmworkers in Zambia, said big funerals had "become completely overwhelming for them. You had to pay for food, and drink and charcoal. It could easily cost a month's wage."

When she first saw farmers refusing workers a week off, she was shocked at their hard-heartedness. "Then," she said, "I realized that some workers were just incredibly relieved."

By 5 P.M. Tuesday, Mr. Sibanda's township is surrounded by neighbors and relatives. Outside, a red scrap of potato sack hangs from a tree branch, standing in for the red flag, raised when a house has had a death.

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THURSDAY, DECEMBER 17, 1998

## EDITORIALS/OPTION

**Herald Tribune**

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

**Vote No on Impeachment**

Just about any citizen who follows the news could write the one-paragraph synopsis of what history will make of William Jefferson Clinton, a man blessed with great talent and afflicted with a mysterious passion for lying. But as the members of the House of Representatives gather in the Capitol, our thoughts must turn to the question of what history will make of this Congress's handling of its impeachment powers. That judgment will hang on whether the designated speaker, Bob Livingston, produces a result that depends on something other than the fact that he can muster the votes to do what he chooses. Mr. Livingston and his political id, Tom DeLay, should know that only in the recording of battles does history applaud the unmitigated application of power. When it comes to governance, the laurels are reserved for those who demonstrate wisdom.

To predict historical judgments, of course, one must first examine past judgments. Why, for example, has Congress's handling of Watergate and the resulting forced resignation come to be regarded as a model of constitutional process? The fundamental reasons are that the congressional consensus to punish Richard Nixon was bipartisan and that a majority of the American people, including many of his former supporters, wanted him out of the White House.

**The Partisan Bias**

The opposite realities prevail in the case of Bill Clinton's crimes. Two-thirds of the American people want him to finish his term. The vote against him will be almost strictly partisan, meaning that the Republican victory will meet the arithmetic requirements of the constitution but will not carry its magisterial authority. History, in our view, will condemn the Republicans for using their constitutional powers as an instrument of partisan vengeance. That instrument was intended as a scalpel for the cutting out of cancers, not for the excising of unsightly pimples.

We say that from the platform of our record of consistently criticizing Mr. Clinton's ugly little lies, his abject failure to lead by example and to speak truthfully to the American people, his equally dismal failure to honor the historic residence entrusted to him, and his abandonment of his constitutional duty to defend and uphold the law. He is, in sum, a man you cannot trust whether you have his handshake, his signature or his word on a Bible.

If impeachment by the House and removal by the Senate would simply harm him and not the constitution, we would be all for it. But under the present circumstances of a polarized party-line vote, it would assault the constitution as well as public confidence in that most precious American asset, the orderly, quadrennial surrender of power from one chief executive to another.

That transfer of power without gunfire or legislative chicanery is the jewel in the crown of American democracy. It should not be sacrificed over Mr. Clinton's inability to resist looking at thong underwear. If the Republicans remove him by simple force of numbers, the debate over whether this was a political coup will continue for decades and could become a bigger threat to civic stability than Mr. Clinton's mendacity.

**Constitutional Precedents**

Today, the House will be setting precedents by which the nation will be governed when this presidency is a memory as distant and disastrous as that of Warren Harding. A basic principle for impeachment ought to be that presidents stay in office unless the case against them is so strong that it persuades at least a substantial part of the public — and their representatives in Congress — on the grounds specified by the constitution.

Another basic threat to future interpretation of the constitution is the Judiciary Committee's insistence that impeachment could be undertaken as a kind of "ultimate censure," rather than a somber, considered recommendation that the president be removed. This aberrant interpretation of constitutional procedure invites pronunciatory application of the impeachment process whenever future presidents and Congresses find themselves in unpredictable partisan conflict.

We elected him to lead a great nation. He became a prince of disorder. Now it is up to Congress and the public to limit the damage caused by his irresponsibility.

—THE NEW YORK TIMES.

**The Revulsion Clinton Inspires Hurts Him Enough**

By Jim Hoagland

**W**Ashington — The looming impeachment of President Bill Clinton has seemed like a bad, inexplicable car wreck along a normally peaceful highway to the rest of the world. Rubbernecking and tut-tutting at the ghastly details, the leaders and citizens of foreign nations have sped on to their own destinations, leaving Americans to sort out the roadside wreckage and casualties.

Mr. Clinton's offenses threaten us with embarrassment. They cry out for condemnation so that no citizen will be tempted to follow his example or regret his departure — in due time. But they do not threaten the future of a republic that defines itself through politics and whose politics defines itself through conflict.

**The Moderates' Duty**

We come to that position after warning often and, according to some of our critics, too forcefully about Mr. Clinton's poisoning effect on political trust and on Washington's respect for campaign finance laws. We believe the evidence presents an ironclad case that he lied, by plan and repetitiously, while under oath in a civil suit and before a grand jury. But the lies were those of a sneak, not those of a person plotting to topple or betray the government.

In advocating censure, we have consistently urged the House not to offer it in the absence of an admission of lying by the president. But now that the moment is at hand, we urge the moderate Republicans who hold the balance of power to vote against impeachment even if Mr. Clinton does not confess.

**Clinton's Day**

We shall see whether Mr. Clinton, like Achilles, sulks in his tent, or whether he sheds his defendant's weeds and becomes a shaper of his fate. Surely he sees that he returned to Washington to find few elements of his presidency intact beyond his stubbornness and the public's desire to see him finish out the most disappointing White House tenure since that of Richard Nixon. Wrapped in dishonor, he faces a mask of depression. Mr. Clinton presents his staff and congressional mediators with the highly unusual task of rousing a president to coping with the realities of his job and situation.

To be sure, Mr. Clinton is not the only stockholder in this coalescing disaster. The right-wing captivity of the Republican Party has never been more destructive. We have to believe that the much-maligned Newt Gingrich, had he continued to function as speaker, would have exerted statesmanlike leadership. As a scholar of history, Mr. Gingrich heading the House would have recognized that the case developed by Representative Henry Hyde and the Judiciary Committee was not impeachable. As a practicing bully, he would not have cowered, as Mr. Livingston did, before the Republican strongarmers.

**The Wisdom of Censure**

To be realistic, the censure option still has a pulse, but it is faint as it can get without stopping altogether. While Mr. Clinton was in Israel, the band of 30 or so undecided Republican moderates dwindled to a handful because the president refused to meet their price of an admission that he lied under oath. What happens next in regard depends in part on whether Mr. Clinton and his lawyers enter the last-minute bargaining being urged by two junior Republicans, Representatives Christopher Shays of Connecticut and Michael Castle of Delaware. Mr. Shays is reportedly willing to bring a half-dozen or so Republicans and some cooperating Democrats to the White House. Perhaps they could thread the needle by selling Mr. Clinton such language as "I lied under oath, but that intent was not in my heart."

Moderate Republicans can confidently vote against impeachment in the knowledge that, if impeachment fails, even the Republican leaders will want the kind of censure they have disingenuously dismissed as unconstitutional. Even if impeachment passes, according to Senator Daniel Patrick Moynihan, such a resolution could be offered as a binding substitute that would have the force of law once the president signed it. As such, Mr. Moynihan said, it could be worded so as to make future prosecution a practical impossibility, freeing Mr. Clinton to admit what everyone knows about his repeated and purposeful lies.

We elected him to lead a great nation. He became a prince of disorder. Now it is up to Congress and the public to limit the damage caused by his irresponsibility.

—THE NEW YORK TIMES.

historic Middle East trip shortly before the full House was due to vote, Mr. Clinton had on his White House schedule for Friday a semiannual summit meeting with European Union leaders to discuss trade and other matters.

"Two things will be true when we sit down with him, whatever the House vote may have been," says an ambassador from one EU member country. "First we will thank God none of our daughters is married to him, and we will do business with the president of the United States in a spirit of alliance and partnership because he is the president."

Such duality is the stock in trade of diplomats. But it may also usefully inform the votes of House members who face conflicting and unpalatable choices: Sending the president to a Senate trial on moral charges, or risking the chutzpah and bad judgment that getting away with it one more time could inspire in a seemingly incorrigible Mr. Clinton.

The House congress tragedy in its classical form: The actors have done what they could not escape doing. They

now face consequences more dire than they could imagine. And yet they will still be unable to resolve the deep contradictions they have unleashed.

This is as true of Mr. Clinton's prosecutors and pursuers as of the disgraced president, the first lady and their defenders. This is life itself, not one-dimensional politics or divine retribution. In life itself the opposite is always present both things, however hoary and seemingly irreconcilable, are often true.

The Judiciary Committee's hearings established for me beyond a reasonable doubt that two big things are true: Mr. Clinton lied under oath to a federal grand jury, betraying his office, his supporters and his family. This is no mere private matter. And the evidence is equally convincing that Kenneth Starr and associates knowingly set a perjury trap around the president's sex life that Mr. Clinton foolishly thought he could outwit.

I would find it impossible to vote for impeachment because of the prosecutor's tactics. But that does not mean that others who reach the opposite conclusion are acting unreasonably, irresponsibly or wastefully. It is no accident this is a close call.

Another Clinton escape does not

mean that the impeachment debate has been a waste to this point, or that sending the matter to the Senate in the face of likely acquittal there is futile. Even in survival, Mr. Clinton will emerge from this experience chastised if not chastened, humiliated if not humbled.

He may choose not to recognize that. There would be the constant risk that he would fall back into the costly mocking of superiority he evidenced after November's congressional elections.

But there is no "victory" in this battle for Mr. Clinton. If he stays in the White House, he will inhabit Eden after the fall. His days of victory and vanity are over, ended by his own personal behavior and official mendacity.

The nation, and the world, will watch to see if he can seek genuine atonement in the time he has left.

Shortly after the 1992 election, one of Mr. Clinton's closest confidants told me that their biggest job in Washington would be to restore confidence in leadership and government. Instead, Mr. Clinton will inspire distrust, cynicism and revulsion for years to come among many Americans. Living with that knowledge should be punishment enough for any mortal.

The Washington Post

**The Senate Could Easily Determine the Length of a Trial**

By Charles Krauthammer

**W**Ashington — Of all the arguments against the House of Representatives' voting even a single article of impeachment and sending President Bill Clinton's case to trial in the Senate, the most powerful is probably this: Do you really want to see a six-month trial presided over by the chief justice of the United States, paralyzing the Senate, monopolizing America's attention, fixating the media and featuring from the hallowed floor of the Senate Monica Lewinsky testifying in Valleypark?

The prospect is too awful to contemplate. Which is why Democrats, in a desperate attempt to save Mr. Clinton from the ignominy of impeachment by the House, have been playing up this scenario.

It is the "Guns of August" argument: Once the House votes to impeach, it has triggered a process — like the mobilization plans of the Great Powers on the eve of World War I — so rigid and fixed and irreversible that once the trains start rolling, there is no stopping the eventual catastrophic wreck.

This is a powerful argument, except for one thing. It is based entirely on a

falsification. It assumes that a Senate trial, once begun, must soldier on regardless to the bitter end. It overlooks perhaps the single most important Senate rule regarding impeachment trials: The Senate may, by a simple majority vote and at any time, end the proceedings.

This, of course, does not happen in a regular trial. The jury does not have the right to tell the judge that it has had enough and declare the whole thing over. But the U.S. Senate does.

Which suggests that the House can impeach with the knowledge that a Senate trial could be short and dignified.

Imagine the following scenario. On Dec. 17, the House passes, say, two articles of impeachment, both on perjury. On Jan. 6, the Senate convenes in the person of Henry Hyde or his staff, presents the charges for, say, half a day. The president's lawyers present their defense during the other half. That night the Senate votes to issue a strong censure and end the case.

Given that the evidentiary basis for this trial is so clear, given that dis-

covery has been going on for a year under the auspices of the independent counsel; given that the arguments both pro and con have been so well rehearsed that they can be (and by now are) delivered by rote — there is absolutely no need to go on.

During the interval between Dec. 17 and Jan. 6, respected Senate leaders of both parties could work out a consensus censure resolution. This might include, among Democrats, Joseph Lieberman, who delivered the most important speech of the entire scandal-ridden year and Daniel Patrick Moynihan, retiring sage from New York; and, among Republicans, Orrin Hatch, who for months has been waving an olive branch at the president, and Trent Lott, the majority leader.

House leaders might join the discussion. But not the White House. This is not a plea bargain. There is no need for the president's signature on a censure resolution. Indeed, it would be an odd sort of censure that required the assent of the censured.

Let the trial begin, and end almost

Washington Post Writers Group

**A Proposal of Economic Reform for Our Generation**

By Gordon Brown

Mr. Brown is Chancellor of the Exchequer of Britain.

**C**AMBRIDGE, Massachusetts — More than half a century ago, leaders who were still engaged in war took the time to prepare for peace. They created not only new international institutions and new rules for the international economy, but they gave expression to a new public purpose based on high ideals. A generation who had known the Depression of the 1930s and the desperation of war, they knew that just as peace could not be preserved in isolation, so prosperity could not be maximized in isolation.

The initiatives and institutions of the Bretton Woods era were shaped to the conditions of the time. The international rules of the game then largely con-

sisted of open current accounts, fixed exchange rates and closed capital accounts and of collective support when countries ran into balance of payments problems. And for nearly 30 years the system worked. But over the next generation eventually the sheer force of international financial flows successively ended dollar convertibility into gold, the fixed exchange rate system, and post-war Keynesian certainties.

The 1980s saw a new consensus emerge, essentially an attempt to return to laissez-faire. It said that all government

was bad; that government can't make a difference, at least a positive one, in jobs and growth, and that global markets have to be left entirely to market dogmas.

By 1997, an increasingly turbulent and inadequately supervised international financial system threatened to create boom and bust on a global scale. The postwar hope for an invisible prosperity was replaced by the sudden fear of instability.

In recent months, as interest rates have come down, and the G7 group of leading industrialized nations have set a timetable for reform, financial markets have become less unstable. But this is no time for complacency.

I believe the Third Way initiated by Tony Blair has profound relevance for the challenge we now confront on the global stage. The issue is not one of either markets or government, but how markets and government can best work together.

We must rediscover the public purpose and high ideals of

1945 with four major reforms that add up to a new economic constitution for the new global economy.

First, we need new rules of the game for the global economy. All countries, rich and poor, should agree to apply new codes of conduct for transparency and disclosure as a condition for participation in the international financial system.

These internationally agreed codes of conduct would cover monetary, financial and fiscal policy and corporate governance. The codes will require regular reporting to the international financial system.

Secondly, we need a modern framework for crisis prevention and resolution. Our aim must be to identify potential problems at an early stage where preventive action can be effective. This framework must be rooted in greater transparency, reliable surveillance, and networks for cooperation between the public and private sectors in which both accept their responsibilities.

Fourth, we propose a code of global best practices in social policy that will be applicable to every country. It will set minimum standards, and will ensure that when the IMF and World Bank help a country in trouble the agreed program of reform preserves investment in the social, education and employment programs that are essential for growth.

This is more than simply a collection of proposals. It rests on a modern vision of government, doing the right thing, but not everything, of markets working, but not always perfectly; of principles of economic and social justice that reflect our best values and ultimately determine world stability and growth. This is a program of reform for our generation.

This article was adapted from a speech delivered at Harvard University.

**IN OUR PAGES: 100, 75 AND 50 YEARS AGO****1898: Military Appeal**

**M**ANILA — Naval and military authorities here say Washington should decide upon a Philippine policy at once. They think the Philippine Republic will soon lose the support of the country, owing to the excessive taxation it has imposed upon the rich natives. In addition there is no security for property in the provinces. An American officer, whose name I am not at liberty to disclose, is strongly in favor of a decisive blow being struck and American rule established, although he differs from some of his fellow officers with regard to the formation of mixed regiments of natives and Americans.

In his opinion, the military force ought to be entirely composed of United States troops.

ing itself filmed as a squalid, reeking quarter. So it has rebelled and driven Thomas Meighan, the film star, and his supporting cast of "Pied Piper Malone" from the district under a shower of stones, broken pottery and ancient vegetables. Police entered the houses from which the missiles were thrown and found everybody either sleeping, reading or working.

**1948: Russian Crime**

**MOSCOW** — Thirteen industrial executives and engineers have been sentenced to from five to ten years in prison each on the ground that they were responsible for production of low-grade cigarettes, coal men's suits, padlocks, tools and sewing machines. The action serves as a general warning to industrial executives that the production of inferior quality goods constitutes a crime punishable by stiff prison terms.

**1923: Chinatown Rises**

**N**EW YORK — Chinatown has become tired of hearing and see-

**Herald Tribune**

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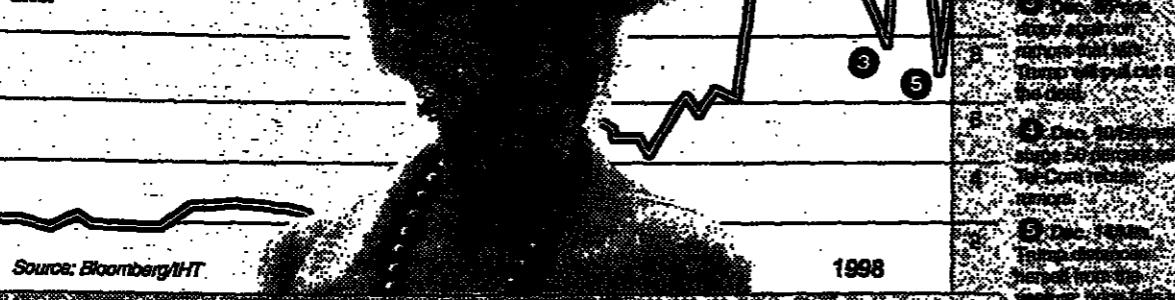
## Herald Tribune INTERNATIONAL BUSINESS / FINANCE

THURSDAY, DECEMBER 17, 1998

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### Star Power

**The price of shares in Tel-Com Wireless Cable TV Corp. as they responded to reports of Ivana Trump's involvement with its luxury Internet shopping site.**



### Tel-Com Shares: From Chic to Shock

By Mitchell Martin  
*International Herald Tribune*

**NEW YORK** — Mix the frenzy over Internet stocks with the image of Ivana Trump and allegations of thievery and you get Tel-Com Wireless Cable TV Corp., a television-and-Web-site company whose stock has gone from a sleepover to a screamer in recent weeks.

Like K-Tel International, Books-a-Million and other companies that have been around for years but virtually ignored by investors until they announced a link to the Internet, Tel-Com's shares became a magnet for investors overnight when word circulated of its plans to launch an Internet shopping site. The company's stock rose more than eightfold from October 1 to late November, then lost more than half of its value in a week, rose 73 percent in a subsequent day and nearly halved three days later.

According to its latest quarterly filing with the Securities and Exchange Commission, Tel-Com operates what it calls wireless cable television systems in La Crosse, Wisconsin, and Costa Rica, with a total of about 5,600 subscribers on Sept. 30. An earlier filing said that the systems were similar to cable television, but the signals are actually broadcast over the air to small antennas at the customers' locations.

Through a subsidiary of which Mrs. Trump has been chairman, Tel-Com is trying to get into Internet retailing, selling goods via the Web site at [www.Shauneechan.com](http://www.Shauneechan.com). The site opened on Friday, but a key luxury-goods section is to open this week. The Web site does not specify which companies' goods are to be offered, but says it has "made the necessary affiliations to enable you to acquire the world's finest jewelry, watches, yachts, sports cars, travel opportunities and more."

The company's plans also include 24-hour-a-day television broadcasts about "luxury lifestyles."

Mrs. Trump's links to Tel-Com have been public knowledge for more than a year, but the company's stock was in the doldrums until October, falling from about \$6 a share in

May to a closing low of \$1.875 on Oct. 16. Then it began to rise, slowly at first but accelerating in late November when it went from under \$6 on Nov. 23 to an intraday high of \$25 on Nov. 30, though it closed that session at \$16.75.

The bulk of that advance was set off by a television appearance in which Mrs. Trump, the former wife of the developer and hotelier Donald Trump, mentioned her alliance with Tel-Com, according to Barron's, the weekly investment newspaper. Barron's drew attention to the stock with an article in its Dec. 7 issue that questioned the backgrounds of some shareholders in Tel-Com.

The article sent Tel-Com's stock skidding, but a Dec. 10 statement by Mrs. Trump supporting the company's management helped reverse part of the decline, and it closed at \$13.875 that day.

A subsequent Barron's article on Dec. 14 contained allegations that convicted criminals who said they were acting on behalf of Charles Arnold, a large Tel-Com shareholder and former consultant, threatened other investors that they thought were short-selling shares in the company.

Short-sellers borrow shares of a company's stock and stand to profit if the price falls before they repay the loans.

The article said that "several terrified investors told Barron's and the police that their families had been threatened by convicted criminals" who accused the investors of selling short Tel-Com shares. The article did not accuse Mr. Arnold himself of harassing investors.

Mr. Arnold did not respond to a faxed message seeking comment for this article. But Barron's quoted Jerome Selvers, who was described as Mr. Arnold's lawyer, as saying allegations that threats were made on Mr. Arnold's behalf were "preposterous."

The controversy was apparently enough for Mrs. Trump. In a statement reported Monday by Bloomberg News, she said she wanted "to be totally disassociated until the horrific charges against Tel-Com and its shareholders are

accused of harassing investors."

The controversy was apparently enough for Mrs. Trump. In a statement reported Monday by Bloomberg News, she said she wanted "to be totally disassociated until the horrific charges against Tel-Com and its shareholders are

accused of harassing investors."

See TRUMP, Page 19

### EU and U.S. Clash on Import Policies

By Paul Blustein  
*Washington Post Service*

**WASHINGTON** — The United States and the European Union are feuding over which of them should bear the greatest "burden" of buying cheap products from Asia, Eastern Europe and Latin America — a development that doesn't bode well for the recovery of these nations stricken by the global financial crisis.

The Clinton administration claims that the EU is absorbing a far smaller amount of imports than the United States from nations whose currencies have suffered devastating declines in recent months.

In meetings with their European counterparts, administration officials are complaining vociferously about the steel sector, where the United States imports roughly twice as much as Europe does.

The White House is under fierce pressure from steel manufacturers and their workers, who are reeling from low-priced competition from nations such as South Korea and Russia, and who have demanded that the administration curtail cheap steel imports.

The topic is sure to feature prominently in the semiannual summit Friday between Washington and Brussels.

"We're in a situation where private forecasts put our trade deficit in goods this year at about \$235 billion," said

Charlene Barshefsky, the U.S. trade representative. "Continental Europe, meanwhile, will run a surplus — it will decline, but it is still a surplus. In steel, the Europeans' import penetration is about 11 percent; ours is over 30 percent. We take twice as much Russian steel as they do, and 10 times as much Asian steel."

Accordingly, Ms. Barshefsky is pressuring the EU to relax an arrangement it negotiated with Russia some time ago to restrict the amount of Russian steel

entering European markets. She also wants the Europeans to ease long-standing "voluntary" restraints on the sale of Japanese auto.

"We can't be the market of only resort," she said, reiterating Washington's mantra on the issue. "The politics aren't there."

The Europeans reason that U.S. critics aren't being fair — EU purchases of foreign steel have risen faster in the first eight months of this year than U.S. imports have, by 35 percent to 24 percent.

American officials scoff at that argument, noting that the big percentage rise in EU imports is the result of a much lower base. But Hugo Paemen, the EU's ambassador to Washington, contended in a recent letter to the State Department that this criticism, too, is unfair.

The price the EU will pay for the shift

in its steel trade in 1998 will be about 13 million tons of additional imports and lost exports, Mr. Paemen said.

"That is around twice the loss of trade that the U.S. can expect in 1998."

Whichever side is right, it seems clear that neither is likely to back down. And this back-pushing exercise between the world's two biggest markets is hardly encouraging for countries hoping to pull out of recession by selling more of their goods overseas.

So far, the exports of nations such as Thailand and South Korea have been crippled by a number of practical factors, including their inability to obtain trade financing and difficulties in securing consumers to ship goods abroad.

Once they overcome those obstacles, however, they face the prospect of higher trade barriers — such as dumping duties of the sort sought by U.S. and European steelmakers against foreign steel — fueled by indignation over allegedly unfair burden-sharing.

Medley Global Advisors told its clients earlier this month that these struggling Asian governments say they will show growth next year because they "will begin to export a lot more as our trade credit lines get re-established and production kicks in again."

But, "to where are they going to export? To each other? Not likely. To the U.S. and Europe? Think again," the firm said. "Exports are sailing into the winds of protectionism."

### CURRENCY & INTEREST RATES

#### Cross Rates

	U.S.	Canada	U.K.	Fr.	Sw.	Yen	U.S.	Canada	U.K.	Fr.	Sw.	Yen
U.S.	1.0000	1.2377	1.5841	0.7876	0.6464	120.72	1.0000	1.2377	1.5841	0.7876	0.6464	120.72
Canada	0.7958	1.0000	1.3181	0.8287	0.6875	87.54	0.7958	1.0000	1.3181	0.8287	0.6875	87.54
U.K.	1.2116	1.5045	1.0000	0.6491	0.5107	1.2072	1.2116	1.5045	1.0000	0.6491	0.5107	1.2072
Fr.	1.4677	1.7575	2.2657	1.0000	0.7265	125.47	1.4677	1.7575	2.2657	1.0000	0.7265	125.47
Sw.	1.4677	1.7575	2.2657	1.0000	0.7265	125.47	1.4677	1.7575	2.2657	1.0000	0.7265	125.47
Yen	1.2085	1.4983	1.9865	1.0000	0.7585	114.44	1.2085	1.4983	1.9865	1.0000	0.7585	114.44
U.S.	1.2085	1.4983	1.9865	1.0000	0.7585	114.44	1.2085	1.4983	1.9865	1.0000	0.7585	114.44
Canada	0.7958	1.0000	1.3181	0.6491	0.5107	87.54	0.7958	1.0000	1.3181	0.6491	0.5107	87.54
U.K.	1.2116	1.5045	1.0000	0.6491	0.5107	1.2072	1.2116	1.5045	1.0000	0.6491	0.5107	1.2072
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Sw.	1.4677	1.7575	2.2657	1.0000	0.7265	125.47	1.4677	1.7575	2.2657	1.0000	0.7265	125.47
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U.S.	1.2085	1.4983	1.9865	1.0000	0.7585	114.44	1.2085	1.4983	1.9865	1.0000	0.7585	114.44
Canada	0.7958	1.0000	1.3181	0.6491	0.5107	87.54	0.7958	1.0000	1.3181	0.6491	0.5107	87.54
U.K.	1.2116	1.5045	1.0000	0.6491	0.5107	1.2072	1.2116	1.5045	1.0000	0.6491	0.5107	1.2072
Fr.	1.4677	1.7575	2.2657	1.0000	0.7265	125.47	1.4677	1.7575	2.2657	1.0000	0.7265	125.47
Sw.	1.4677	1.7575	2.2657	1.0000	0.7265	125.47	1.4677	1.7575	2.2657	1.0000	0.7265	125.47
Yen	1.2085	1.4983	1.9865	1.0000	0.7585	114.44	1.2085	1.4983	1.9865	1.0000	0.7585	114.44

#### Forward Rates

	10-day	90-day	Currency	10-day	90-day	10-day	90-day
U.S.	1.2085	1.4983	1.9865	1.2085	1.4983	1.2085	1.4983
Canada	0.7958	1.0000	1.3181	0.7958	1.0000	0.7958	1.0000
U.K.	1.2116	1.5045	1.0000	1.2116	1.5045	1.2116	1.5045
Fr.	1.4677	1.7575	2.2657	1.4677	1.7575	1.4677	1.7575
Sw.	1.4677	1.7575	2.2657	1.4677	1.7575	1.4677	1.7575
Yen	1.2085	1.4983	1.9865	1.2085	1.4983	1.2085	1.4983

Sources: ING Bank (Amsterdam); KBC Bank (Brussels); Banco Comercial Portugues (Lisbon); Royal Bank of Canada (Montreal); Societe Generale (Paris); Deutsche Bank (Frankfurt); Credit Suisse (Zurich); Dresdner Bank (Frankfurt); Hypo Realta (Munich); Commerzbank (Frankfurt); Banque Paribas (Paris); BNP Paribas (Paris); Societe Générale (Paris); Crédit Agricole (Paris); Société Générale (Lyon); Société Générale (Toulouse); Société Générale (Nancy); Société Générale (Strasbourg); Société Générale (Dijon); Société Générale (Lille); Société Générale (Rennes); Société Générale (Bordeaux); Société Générale

# TribTech

## Gambling Gets Wired To New Age

Casinos Opt for Chips Of the Digital Variety

By Michel Marritt  
New York Times Service

**L**AS VEGAS — It had been a routine Sunday at the Palace Station Hotel and Casino, a rambling Las Vegas institution more popular among the locals than among the millions of tourists who flock to the city's more extravagant hotel-casino resorts.

But when a 67-year-old woman, a regular at the Palace, plunked the last three silver dollars of about \$300 she played that evening into a rather ordinary-looking slot machine, what followed was anything but routine.

Amid a hailstorm of excitement, the woman, who has asked not to be identified by name, struck the largest slot machine jackpot ever — \$27,582,539.48.

Whether or not she knew it, she also came face to face with the highly sophisticated computer technology that drives the deceptively traditional-looking Megabucks slot machine she played. Slot machines built around chips, and then networked, make such hefty payoffs possible. And casino makers say that computers have quietly revolutionized the multibillion-dollar slot machine industry in much the same ways computers over the past 20 years have revolutionized, for better or worse, the ways millions of Americans communicate, shop, learn, work and play.

"As computer technology has been enhanced, so have the games," said Ed Rogich, an executive director of International Gaming Technologies, a major gambling-machine maker based in Nevada.

The slot machine, casino gambling's single most visible and profitable workhorse born as a 19th-century penny amusement, has, at the dawn of the 21st century, gone digital. Today, the typical machine in Las Vegas or anywhere in the world where they are found is very likely to be a computer. While many of them still stand upright in brightly colored cabinets and retain the familiar spinning reels bearing symbols like cherries, bars and bells, all is illusion. The chip inside, not spring-driven reels randomly stopped by slotted mechanisms, decides whether everything comes up roses or cherries.

The one-armed bandit is now a multitasking, multiple-games-in-one gambling machine.

The biggest changes the new technologies have wrought on slot machines have occurred in three areas: the process the machines use to determine winners and losers; networking to produce huge jackpots like the one won last month at the Palace Station; and, perhaps most



Gamblers trying out one of the new slot machine games at an exposition in Las Vegas. Casino managers say computer-operated machines have quietly revolutionized the multibillion-dollar slot machine industry.

profound, the coming of the video game, entertainment and gambling to keep people at the machines.

There is plenty of incentive for importing computer innovation to the casino floor. Jason Ader is the senior managing director at Bear, Stearns & Co. in New York for equity research in its gaming, lodging and leisure division. In a report he wrote this year on casino gaming, Mr. Ader noted that slot machines in Nevada and Atlantic City alone accounted for 65 percent of the casinos' gaming revenues and took up 80 percent of space dedicated to gambling last year, a major swing away from the days when such low-tech games as roulette and poker were the big money makers.

**A**LL OF THE ADVANCES are part of the march of gambling machine technology from mechanical to electromechanical to computer circuit boards, high-speed microprocessors — some even bearing Pentium-class chips. At each step, the goal has been the same: setting up a machine that pays out enough to keep people using it but keeps enough to make money — lots of money.

In the precomputer era, slot machines featured spinning reels, usually three, seen through a window. A player would insert a coin, pull the machine's handle to start the reels spinning and hope that when they stopped, the symbols painted on the reels would line up in a winning combination. If they did, the player received some or all of the coins that had been placed in the machine.

The odds of winning were determined by the number of reels in the machine and the number of potential winning symbols on each reel, said Verne Holmes Jr., an inventor of electronic slot machine devices and vice president of new product development at Station Casinos, which owns the Palace Station.

Now, that is all done with a computer chip hard-wired to generate random numbers and programmed to translate those numbers into positions that de-

termine what the slot machine actually shows players: two single bars and a bell, for example.

Slot-machine makers say that the game's outcomes cannot be predetermined by a master computer tucked away somewhere. And the chips, to help ensure that they are not manipulated, are covered with an epoxy and tamper-resistant tape on the circuit board — a duplicate chip with duplicate programming is kept by inspectors for periodic bit-by-bit comparisons.

"It's all random," said Keith Copher, chief of enforcement for the Nevada Control Board, which is responsible for approving and inspecting the state's more than 200,000 slot machines. "We check all of the slot machines."

The networked jackpots, one of the most significant changes in slot machines, begin with machines built around computer chips, and go from there. The Megabucks slot machines, for example, are wired on Internet-like networks — riverboat-based versions of the game use wireless network connections — so that they can communicate with other slot machines offering the same game. In Nevada, for instance, Megabucks, is played statewide on a network of about 700 linked slot machines in 133 locations.

Every time a player in Nevada drops a silver dollar into a Megabucks slot machine, a percentage of that dollar is added to a special running jackpot figure posted simultaneously over the slot machine on the network. That jackpot is independent of smaller payouts. When the computer chip inside the machine comes up with a big jackpot winner, the machine they won on automatically locks and awaits technicians to check its integrity, while gamblers on the remaining machines continue to gamble for a new jackpot that starts at \$5 million, said Mr. Rogich, the TGI executive. His company started the networked game 11 years ago.

**E**VEN STAND-ALONE slot machines are linked to casino-wide networks, said Kent Geiger, assistant vice-president of slot operations for the Las Vegas Hilton.

At the Hilton, he depends on a computer network to give him up-to-the-minute information on the status of each of his machines. How many coins have gone into a machine, how many have been paid out, when the machine is opened for maintenance and refilling can all be learned by turning to his desktop terminal. This is especially useful in an age when casino managers worry that each new computer advance will be met by a hacker hoping to turn it to his own ends.

"Everyone of those slot machines reports to mainframe upstairs," Mr. Geiger said. "If somebody right now opens up a slot machine door and leaves it open, it will page the person who left it open and a manager and say someone left the door open. The technology has gone through the roof."

Many of even the most common slot machines are also equipped with card readers. The cards they read resemble credit cards and are given out free to players who are rewarded points for prizes, events and services based, similar to airline frequent-flier programs, on how much they gamble.

### TECHNOLOGY INDEX

Technology stock indexes around the world:

North America	Tuesday close	Pct. change previous week	Pct. change, year to date
Pacific Exchange Tech	409.02	-3.82	+40.77
S&P Tech Composite	1092.39	-1.42	+56.07

Europe

Morgan Stanley Eurotec	554.32	-3.33	+43.90
Asia			

Topix Electric 1525.67 -3.25 -7.21

Source: Morgan Stanley, Bloomberg News

For technology articles from the past week, see TribTech on the IHT's World Wide Web site at <http://www.iht.com>. Articles include:

- New Stock Package Has a High-Tech Focus, Dec. 10
- Siemens Forges Joint Venture With 3Com, Dec. 10
- "Push" Didn't Get the Shove, Dec. 10
- Rate Cuts Approved For Telekom, Dec. 12-13
- Cable & Wireless Loses Chief Executive to EDS, Dec. 12-13
- Internet Music Plan Awaited, Dec. 16

To reach TribTech editors or to comment on IHT tech coverage, send e-mail to [tribtech@iht.com](mailto:tribtech@iht.com).

### CROSSWORD

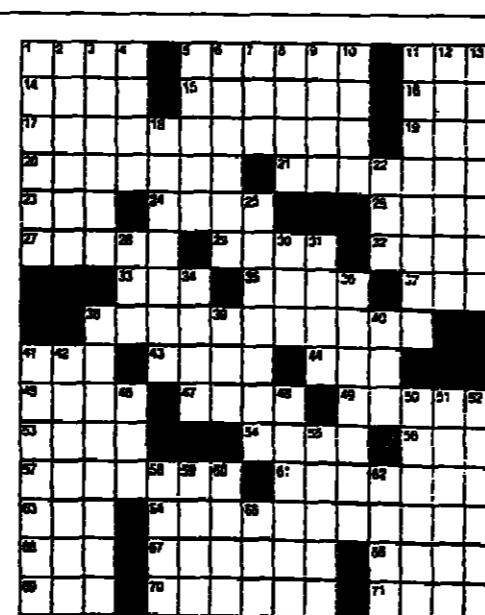
**ACROSS**

- 1 — first you
- 5 Sgt. of 50's TV
- 11 Cousin of "Phoebe"
- 14 Emergency C9 channel
- 15 Some former dictators, e.g.
- 16 Skating champion Midori
- 17 Some Broadway performances
- 18 Headlines participant
- 20 Braided
- 21 With indifference
- 22 Crackerjack
- 24 Chi paper, with "The"
- 28 Jeer
- 27 Actress Oberon
- 28 Chunk or clunk
- 32 Sam-dance, 90's-style
- 33 Put together, in a way
- 35 —Altac languages
- 37 Nashville inst.
- 38 Winter feature with a hint to today's puzzle theme
- 41 Bird of legend
- 43 Lingust Chomsky
- 44 Cockney's abode
- 48 Word on a coin
- 49 Fac. member
- 50 Kitchen gizmo
- 51 When repeated,
- 52 Vitamin B deficiency
- 54 Alliance since 1949
- 56 Compass dir.
- 57 Football stat
- 58 Pre-Easter trim
- 59 Followed, as an impulse
- 60 Man with a law
- 61 Post-weekend letdown
- 62 Dilettante, maybe
- 63 Adaptable truck, for short
- 67 Encratch on
- 68 Surprised comments
- 70 1966 Fonda-Robards movie
- 71 Guatamala natives
- 72 —Kind of bag
- 73 It might wind up on a boat
- 74 "Thai — you!"
- 75 Yeti-like creatures
- 76 Puzzled
- 77 Pre-Easter trim
- 78 Betrayed
- 79 Fretwih angular
- 80 Dilettante, maybe
- 81 Adaptable truck, for short
- 82 —di-dah
- 83 —Estro
- 84 —teammate
- 85 Pedestal part
- 86 Word with anchor or dead
- 87 Harvard tradition
- 88 Highball's it
- 89 Bluejacket
- 90 Voices vote
- 91 1987 Rolling Stones hit
- 92 Here, not in heaven
- 93 Term start?
- 94 Pretense
- 95 California locale whose name is an anagram of 52-down
- 96 Where Myanmar is
- 97 "Treasure Island" character
- 98 It's a sm
- 99 Main part of a word
- 100 Heard in court

**DOWN**

- 1 Fashion line, a Ring bearer?
- 2 Horn
- 3 Funicular melody, e.g.
- 4 1986 AL Rookie of the Year
- 5 Like rust
- 6 German article
- 7 Resist, ripened
- 8 One rug oven
- 9 Monkey business
- 10 Hid, malt
- 11 Tropics, clipper
- 12 Raw bakersfield
- 13 Age, laine, fellas
- 14 Per ended
- 15 Sri lanka
- 16 React PhD
- 17 Ethic, eerie, low
- 18 Clothesline ass
- 19 Alidente, dentist
- 20 Dona, eon
- 21 Second-story job
- 22 Tick, par, awe
- 23 Resists ripened
- 24 Monkey business
- 25 Hin, malt
- 26 Tropics, clipper
- 27 Raw bakersfield
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Solution to Puzzle of Dec. 16



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See our Friendships over Saturday in the Intermarket

50 من الصلوة

### ALT / Commentary

## The Internet Rabble's Effect on Stocks

By Denise Caruso  
New York Times Service

**N**EW YORK — "The Internet changes everything," has become the rallying cry for purveyors of the new digital economy. Their enthusiasm has proved sufficiently compelling that an increasing number of Internet-based companies — many with no product, and often, no proven or sustainable business model — are taking their companies public and hitting the jackpot with shares valued far beyond reason.

On Nov. 27, for example, shares of OnSale Inc., a Web-based auction service, rocketed more than 60 percent.

Books-a-Million Inc. and Connect Inc., both Web-based businesses, posted even more spectacular gains.

Most professional investors and market experts are not overly concerned about this kind of activity. The volume of shares that such companies make available for trading is relatively small and thus has little effect on the overall health of the market. In addition, they say, Internet stocks are widely, and correctly, regarded as high-risk investments.

But what was noteworthy about the trading action last month was that it was caused by day traders — primarily individual investors, trading online — who rely on quick market fluctuations to turn a profit. Such investors dominated the trading volume that one day in at least a few high-technology growth stocks.

The Internet changes everything, indeed. For the first time, anyone with a computer, a connection to the global network and the requisite ironclad stomach for risk has the information, tools and access to transaction systems required to play the stock market, a game that was once the purview of an elite few.

For those who believe that this kind of decentralization of power is the primary benefit of an Internet-based economy, this is good news. But one has to wonder about the unintended consequences of such a fundamental shift.

Some studies show that the number of individuals jumping onto the Internet increases by thousands every day; as technology improves, that number is likely to rise even faster. Information — especially the kind of information that fuels stock trading, like real-time quotes and company data — is on the verge of becoming ubiquitous.

Companies that with the likelihood that as more individuals make money in a booming stock market, the word of mouth — spread in chat rooms and news groups via the Internet itself — is likely to attract still more day traders, and you end up with a model for exponential growth.

Some market makers are already projecting that they will have to double or triple their technology investments to keep up with increased volume from Internet traders.

Though he maintains that the volatility of Internet stocks is not itself a problem, William Hambrecht, co-founder of the investment banking firm Hambrecht & Quist, calls the day trader phenomenon "a big thing."

"I've been amazed they've been able to have such an impact on some of these big-cap Internet stocks," said Mr. Hambrecht, who now runs W.R. Hambrecht & Co., an entrepreneurial investment firm. "This isn't a few people with a few small stocks."

He called the day trader phenomenon "mob rule." "In a free market, it plays itself out. Professionals are trying to tell these people that they're playing with dangerous stuff, but people don't listen when they're in a feeding frenzy."

Some investors are anticipating the near-term effects of day trading on the Internet economy itself, which is fueled in large part by the hefty prices commanded by Internet-related stocks.

"These price effects have consequences," said Ann Winblad, a co-founder of Hummer Winblad Venture Partners, a San Francisco technology investment firm. A prolonged run-up in stock prices, she said, could prove a double whammy for Internet companies.

**F**OR ONE THING, Ms. Winblad said, it will become increasingly difficult to hire talented managers if they believe the shares are so overpriced that the stock options being offered them — the phantom that draws most executives to technology companies — are likely to be considerably devalued when the market comes to its senses. If the company then resets the options at a lower, more attractive price, institutional investors, who hold most of the market's stock and tend to invest in assets rather than concepts, will balk.

Today, only institutional investors, as well as program traders who move large blocks of stock in a single, computer-guided transaction, can affect the overall stability of the larger market. But if individual trading on the Internet keeps growing at its current pace, with more people gaining direct access, it is possible to imagine a situation where the market as we know it today cannot absorb the shock.

What happens, asked Peter Schwartz, chairman of Global Business Network, a strategic planning firm, when "vast numbers of people from all around the world — 50 million people in India, 5 million in Brazil — are all trading?"

If individual investors' impact matches that of institutional investors and program traders, he said, "when herd behavior moves the larger market in these highly volatile ways, unrelated to the value of the assets themselves, that becomes highly problematic."

Of course, Mr. Schwartz added, such a situation, even if were to unfold, would be a long time coming.

But in the short term, the problem may solve itself.

"Not too many people have the stomach" for day trading, Ms. Winblad said. "The viral effect will eventually settle. Some industries are maimed, but they don't go away."

Denise Caruso writes the Digital Commerce column for The New York Times.

### BOOKS

#### THE JEWELS OF TESSA KENT

By Judith Krantz. 389 pages. \$25.95. Crown.

Reviewed by Richard Bernstein

**F**OR years, I've been resisting the temptation to read one of those blockbusters by Judith Krantz until, finally, I couldn't wait any longer. And now I've just finished "The Jewels of Tessa Kent," Krantz's latest novel, and there's a tear in my eye (despite my effort at world-weary self-control) at the blissful, star-crossed passion of it all.

I might as well just admit it: I wanted so much to hate "The Jewels of Tessa Kent," to find it bathetic and overdone. And — here comes the critical admission — I kind of liked it anyway. Well, it's not surprising, really. Since Krantz gave up writing about orgasms for *Cosmopolitan*, her novels (which don't just have orgasms, they have "exploding orgasms") have sold 75 million copies worldwide.

Let's not be snobbish. Flaubert's Emma Bovary read the 19th-century French equivalent of Judith Krantz when she was a girl. ("Gloomy forests, romantic woes, oaths, sols, tears and kisses, small boats in the moonlight," as Flaubert put it.) The core melodramatic concept — the dark and tormenting family secret of a rich and celebrated main character — goes back as far as Henry Fielding's

Wednesday's 3 P.M.

The 2,600 most traded stocks of the day.  
Nationwide prices not reflecting late-trades elsewhere.

The Associated Press

NYSE

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## THE AMERICAS

**Very briefly:**

- Financial turmoil overseas has derailed a steady stream of record profits at U.S. commercial banks, the Federal Deposit Insurance Corp. said. The country's 8,910 banks earned \$15 billion in the July-September quarter, down 7 percent from a record \$16.1 billion in the April-June period, the sixth consecutive quarter of record profits, it said.
  - Polaroid Corp. will take four-quarter charges of \$90 million to cut as many as 700 jobs, or 7.6 percent of its work force, and dispose of Russian assets as the photography company pares inventory and copes with weak economies overseas. The company, based in Cambridge, Massachusetts, said it expected the moves to save it \$20 million to \$30 million over the next two years.
  - The U.S. Federal Reserve Board may order banks to limit their lending to hedge funds in the wake of the near-collapse of Long-Term Capital Management, a Federal Reserve Board official told Congress. Among guidelines being developed for U.S. bank holding companies are increased scrutiny of the credit-approval process that would require banks to estimate worst-case loss scenarios for loans to hedge funds, and a new set of policies about the minimum level of collateral needed for such loans.
  - America Online Inc. said holiday traffic on its shopping channel has been three and a half times higher than last year, with shoppers spending an average of 50 percent more than they did in 1997. This included 750,000 first-time on-line shoppers in the first two weeks of the season, AOL said.
  - Planet Hollywood, faced with plunging restaurant sales, is selling its new headquarters and a New York restaurant to pay creditors. The sale of the two properties could bring in about \$60 million, said Robert Earl, the company's chairman.
  - Starwood Financial Trust said it was buying the commercial mortgage loan portfolio from Lazard Frères Real Estate Investors for \$280.3 million. Starwood also said Lazard Frères would buy \$220 million of its preferred shares and warrants.
- AP, Bloomberg, Reuters

**Stocks Slide as U.S. Sabers Rattle Over Iraq**

Compiled by Our Staff From Dispatches

NEW YORK — Stocks fell Wednesday as investors worried about the latest U.S.-Iraq standoff and 3M joined the list of blue chip companies warning of lower fourth quarter earnings.

Uncertainty hit the market as President Bill Clinton met with his top advisers to consider military strikes in response to Iraq's latest defiance of international arms inspectors. Top House leaders said they would likely delay the impeachment vote Thursday if Iraq were bombed.

Oil stocks and crude oil futures gained amid speculation that the United States would lead an air strike to force Iraq to comply with resolutions levied after the Gulf War in 1991.

The Dow Jones industrial average was down 29.09 points, or 0.3 percent, at 8,794.21 an hour before the close, but declining issues outnumbered advancing ones by an 8-to-7 margin on the New York Stock Exchange.

The Standard & Poor's 500-stock index slipped 1.41 points to 1,161.42, while the Nasdaq composite index was 5.45 points lower, at 2,007.15.

Treasury bonds rose as concern over an eventual attack on Iraq and declines in the stock market bolstered demand for safer investments. The price of the benchmark 30-year issue rose 8/32 to 103 23/32, pushing its yield down to 5.01 percent from 5.03 percent on Tuesday.

Shares in Amazon.com soared more than 25 percent after an analyst at CIBC Oppenheimer predicted the stock would reach \$400 in 12 months, more than double his previous estimate.

Amazon.com shares have risen more than ninefold this year as in-

vestors bet that more people would buy a variety of products from the top on-line retailer, which has yet to earn a profit.

"The insanity goes on and on."

**3 P.M. SNAPSHOT**

said David Simons, managing director of New York-based Digital Video Investments, an institutional research company. Other Internet stocks also rose.

America Online stock jumped after it reported a sharp increase in

on-line shopping.

CMG Information Services rose after the company that finances Internet companies said revenue for the first quarter ended Oct. 31 rose 59 percent as it gained from selling investments in Internet video store Reel.com and other companies.

Crude oil futures rose 9 percent on the New York Mercantile Exchange on speculation that military action could cut exports from the Middle East. The contract for January delivery of crude was up \$1.02 at \$12.57 a barrel. Shares in oil pro-

ducers and companies that provide oil-production services rose.

Stocks fell sharply early in the day after Minnesota Mining & Manufacturing became the 10th of the 30 Dow industrial companies to warn that profit would not meet expectations.

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**Chevron Announces Job Cuts**By Agis Salpukas  
New York Times Service

NEW YORK — Joining the list of major oil companies that are retrenching in the face of low crude oil prices, Chevron Corp. announced cuts in both capital spending and employment, primarily in North America.

Kenneth Derr, the chairman of the San Francisco-based company, told an analysts' meeting in New York on Tuesday that the goal was to reduce costs by \$500 million in 1999.

In what has become a familiar oil company response to persistent low prices, Mr. Derr said that cuts in capital spending of 8 percent, to \$5.1 billion next year, would come mostly in the company's older exploration and production, refining and marketing and chemical businesses in North America.

He said that significant spending would continue in its promising long-term prospects in Kazakhstan, West Africa and the Gulf of Mexico, where the company has been able to increase its production of crude oil.

Mr. Derr said the company would spend about \$2.6 billion on exploration and production outside the United States and \$1.1 billion within the United States.

The overall reductions in its work force of 34,000 would be modest, he said, because of the overseas growth.

Mike Libby, the manager of media relations, said some employees who faced layoffs would be given an opportunity to train for jobs in expanding parts of the company, primarily in overseas exploration.

The Chevron announcement followed a major revamping announced by the Royal Dutch/Shell Group in London on Monday.

It said it would sell 40 percent of its chemical business, cut staff and take charges of \$4.5 billion in the fourth quarter.

Chevron's stock was down 19 cents in early trading Wednesday on the New York Stock Exchange to \$33.19 a share.

**Drug Tester Buys Claims Processor**

Bloomberg News

DURHAM, North Carolina — Quintiles Transnational Corp., the largest provider of drug trials and market research for drugmakers, said Wednesday that it would buy Envoy Corp., a health-claims processor, for \$1.7 billion in stock, gaining a new source of marketing data to sell its customers.

The acquisition, Quintiles' third this week and its 13th of the year, sent the company's shares down 59.6875 to \$46.50 in late trading. Envoy jumped \$7.4375

each Envoy share will be exchanged for 1.166 Quintiles shares, giving Envoy shareholders a 55 percent premium based on closing prices Tuesday.

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The dollar fell to 116.450 yen in late trading from 116.565 yen Tuesday. But it rose to 1,672 Deutsche marks from 1,661.00 DM.

Also supporting the dollar against

**FOREIGN EXCHANGE**

the mark was the weaker-than-expected survey on West German business sentiment.

The report was seen suggesting there will be more pressure on the European Central Bank to lower interest rates early next year to fuel economic growth.

"It looks like the White House may have to push the button to send missiles to Iraq," said Jeremy Fenton, a strategist at BankBoston in Boston. "That fires up standard safe-

haven buying of the dollar. You don't want to own Deutsche marks if there's a conflict in the Middle East."

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Also supporting the dollar against

against other major currencies, the dollar climbed to 5.6095 French francs from 5.5652 francs, and rose to 1,350 Swiss francs from 1,3440 francs. The pound fell to \$1.6740 from \$1.6850.

(Bridge News, Bloomberg)

copies that can be made, encryption, which is a way of making sure that only an authorized consumer can play back the music, and watermarking, which would show the source of the music, a way to trace back pirated music to its source.

Those companies have been reluctant to sell music directly through the Internet for fear of piracy. "We need copyright protection," said Hilary Rosen, the chief executive of the Recording Industry Association of America, "but we must not stifle technology to get it."

The features of the standard, Ms. Rosen said, await the decisions of the initiative, which will begin full-time in February. But they would probably include copy protection, which would limit the number of

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While the major labels have waited to create a digital distribution system, do-facto technological standard has arisen, known as MP3.

MP3 compresses digital audio information into a size that makes it relatively practical to send over the Internet, and hundreds, perhaps thousands, of Web sites offer free MP3 music files ready for downloading.

**Internet-Based Recording Standard Gets Industry's Nod**By Jon Pareles  
New York Times Service

NEW YORK — If all goes according to plan, music fans will be able to buy top hits for electronic delivery through the Internet by Christmas 1999.

Leaders of the Recording Industry Association of America and chief executives of five major recording companies said Tuesday they would support the standard, which control about 90 percent of the recorded-music market in the United States.

The Recording Industry Association of Japan and the London-based International Federation of the Phonographic Industry, which represents companies in 70 countries, have also joined the initiative.

With the standard, consumers would need only one software "player" for all the music released by major companies, which control about 90 percent of the recorded-music market in the United States.

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**INTERNATIONAL FUTURES**

Dec. 16, 1998

High Low Latest Chg. Chg. Opnl.

ORANGE JUICE (CONT'D)  
15,000 lbs.-carts per lot

Jan 99 118.00 103.12 107.29 +5.25 13.45

Feb 99 118.00 103.12 107.29 +5.25 13.45

Mar 99 118.00 103.12 107.29 +5.25 13.45

Apr 99 118.00 103.12 107.29 +5.25 13.45

May 99 118.00 103.12 107.29 +5.25 13.45

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Aug 99 118.00 103.12 107.29 +5.25 13.45

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Oct 99 118.00 103.12 107.29 +5.25 13.45

Nov 99 118.00 103.12 107.29 +5.25 13.45

Dec 99 118.00 103.12 107.29 +5.25 13.45

LIBOR 1-MONTH (CANDY)  
500,000 lbs.-carts per lot

Jan 99 118.00 103.12 107.29 +5.25 13.45

Feb 99 118.00 103.12 107.29 +5.25 13.45

Mar 99 118.00 103.12 107.29 +5.25 13.45

Apr 99 118.00 103.12 107.29 +5.25 13.45

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Nov 99 118.00 103.12 107.29 +5.25 13.45

Dec 99 118.00 103.12 107.29 +5.25 13.45

INDUSTRIALS (CANDY)  
500,000 lbs.-carts per lot

Jan 99 118.00 103.12 107.29 +5.25 13.45

Feb 99 118.00 103.12 107.29 +5.25 13.45

## INTERNATIONAL INVESTING

# Amid Asia Gloom, Hong Kong Clothing Retailer Sets Sights Far Afield

Bloomberg News

HONG KONG — Michael Ying bought out his partners in Europe for almost \$250 million two years ago, declaring his intention to plant the flag of his Esprit Holdings Ltd. in every major world market.

Now, as most of Esprit's Asian base founders in recession and many competitors scramble just to stay afloat, the 30-year-old mainland China native is beginning to put his plans to work.

The Hong Kong-based clothing retailer plans a secondary listing for its shares on the London Stock Exchange, starting Thursday.

Not that Mr. Ying plans to raise money now. The listing is intended to highlight the fact that he has managed to make the European operations profitable within two years — not all analysts and fund managers believed he could — and to establish "flagship" stores in places like Berlin, Paris and Sydney, not just Asia.

Taking advantage of rock bottom recession-era rents, Mr. Ying plans to double the floor space of the company's 293 Asian outlets and to expand aggressively in Europe.

He also wants to bring his Red Earth cosmetics line to China and Germany, open 20 Esprit Kids "superstores" in Asia — and eventually buy Esprit's U.S. operations to put back together what was once a \$1 billion-a-year clothing empire.

The European sales, largely wholesale to department stores, are "the only blessing we have," Mr. Ying said, flopping across a gray metal chair in Spartan glass-walled conference room at Esprit's warehouse headquarters. "But other than that, we suffer like everybody else in Hong Kong and Singapore."

Esprit shares rose 11.2 percent Wednesday to 23 Hong Kong dollars (42 cents). They are up 30 percent this year, compared with a 15 percent decline in the Hong Kong All Ordinaries Index and a 3.8 percent drop in the benchmark Hang Seng index.

Unprofitable when he bought them, the European operations now account for two-thirds of Esprit's annual \$1 billion Hong Kong dollars (\$658.3 million) in sales.

"The atmosphere in Esprit's executive suite is as casual as Mr. Ying himself, with sport-shirts and khakis outbounding business suits in his purple suede shoes and wash-and-wear cotton clothes. Mr. Ying could easily go unnoticed while he observes the shopping habits of customers at the company's 30 Hong Kong stores.

Mr. Ying, who started finding Asian

factories for Esprit 25 years ago and eventually convinced the company's U.S. founders to invest in the Hong Kong arm, is optimistic even as the region's hardest-hit markets show no signs of recovery.

In Hong Kong, where retail sales fell by a record 21 percent in September from the year before, stores are discounting by up to 50 percent two weeks before Christmas, meaning post-Christmas discounts will be even heavier.

Hong Kong is "overbuilt, oversupplied," Mr. Ying said of the dozens of brand names that line Hong Kong's

central shopping districts and its massive new malls in far-flung suburbs. "I guess they entered the business because they think it's easy to make money by selling clothes."

To be sure, Esprit is operating on razor-thin margins in Hong Kong, and some analysts are skeptical of the company's aggressive expansion plans at a time when Europe shows signs of slowing and Asia has not yet bottomed. The company saw its net profit fall 3 percent last year to 15.1 million dollars after setting aside 125.3 million dollars for one-time losses on stock investments.

The London listing may get a multiple higher than Esprit's current 10.4 times estimated 1999 earnings, closer to the 16 or 17 times that is typical for European retailers, said Jason Fung, an analyst at DBS Securities Hong Kong Ltd.

"As for the doubling in size, I guess we'll find out in a couple of years' time," Mr. Fung said.

Even as Mr. Ying waits for the weak economy to drop out in Asia, he is looking over his shoulder for the European and American competitors he is sure will be drawn by lower costs.

"There will be incoming quite a few new brands, and when they come, these will be the bigger players," Mr. Ying said.

His survival strategy? Become the local partner that will help these foreign brands set up shop.

Most of the major international labels make their garments in Asia and have offices here, said Surinder Chhibber, Esprit's chief executive officer for Asian operations.

"We have casually talked to a few people," he said. "Because we are here and they are here also, people talk to us."

## Dutch High-Tech Stocks Gear Up for IPOs

Bloomberg News

AMSTERDAM — After a three-month dry spell for Dutch initial public offerings, a spate of share sales by high-technology stocks suggests investor appetite has returned, especially for high-growth companies.

Three computer-related companies held initial public offerings and listed shares in Amsterdam in the past three weeks. Magnus Holding NV was the first IPO since late August; KSI International NV followed soon after and Avalix Groep NV sold shares last week.

"There is obviously an interest for this industry," said Bas Nienhuis, a manager at Kempe & Co.

Across Europe and in the United States, a rebound in global markets brought a revival for IPOs after a three-month drought that began in August as the economic slide in Asia and emerging markets accelerated.

In the first 10 days of December, more than 20 European companies listed or were in the process of doing so. A similar number of U.S. companies have held initial stock sales

since November. "It's a good moment to seek a listing," said Jan de Ruiter, managing director of ABN-AMRO Rothschild, which managed the sale of Magnus and Avalix. "Investors' appetite for primary deals is back again."

During the first eight months of 1998, the number of IPOs averaged two a month in the Netherlands, compared with one a week in the past three weeks. None of the three recently listed companies have performed well so far.

Magnus closed Tuesday at 16.5 guilders (\$8.83), below its initial price of 17 guilders. KSI closed with its shares trading at the initial price of 15 guilders, while Avalix dropped from its initial 16-guilder share price to close at 15.

Small caps have not recovered as quickly as bigger companies even though they tend to generate most sales from the local market and are less exposed to a slowdown abroad.

"I expect a lot of investment banks will have companies preparing for an IPO," said Amrit Mansour, head of syndication at Rabo Securities,

which managed the sale of KSI.

Generally, European computer

stocks have found favor with investors because of the coming of the euro and the year 2000, which requires many computers to be updated because older software could confuse the last two digits of a year to refer to 1900 instead of 2000.

About two-thirds of the 20 Dutch companies that have sought a listing on the Amsterdam stock exchange this year are involved in computers, software or related services.

"The outlook for the computer services market is good," said Jan Coen Balt of Effectenbank Stroeve. He expects the industry to create about 500,000 jobs in Europe in the next few years.

While IPO managers think Avalix will be the last Dutch company to seek a listing this year, they expect the first quarter of 1999 to bring more stock sales as companies revive plans postponed during the market slump.

"I expect a lot of investment banks will have companies preparing for an IPO," said Amrit Mansour, head of syndication at Rabo Securities, which managed the sale of KSI.

Petrojet needs to purchase brand new or used crane barge equipped with a revolving crane with capacity of

1200 to 1800 tons at radius 30 m approx, certified for open sea service. Due date is Monday 18/1/1999.

Technical specs. and conditions are obtained against 500(US dollar) by check inPETROJETname or by Bank transfer. at account no.14/81/531(National Bank of Egypt), Please contact Material General Manager Joseph Tito St.Hiakstep, Heliopolis, Cairo, Egypt. P.O. 2048 El-Horriah, Heliopolis , Fax (202)2969347/2959232 e-mail : petrojet@internetegypt.com

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December 16, 1998

Le Froggy's Rapport Growth Fund Ltd Gibr Pt Ltd

Le Gold Fund Ltd

Le Global Fund

Le Long-term US Fund

Le Kingdom Offshore, N.Y.

Le Major Fund

Le Mutual Investment Fund Ltd

Le National Fund

Le Northern Fund

Le Northern Offshore Fund Ltd

Le P.A.T. Fund

Le Pen Fund Inc PG

Le P.A.T. Fund Inc PG

## INTERNATIONAL INVESTING

# The Rosy Outlook for 1999 - and Most Every Year

JAMES K. GLASSMAN / ON INVESTING

*Washington Post Service*  
WASHINGTON — Pretend it's Dec. 17, 1997. After consulting various foolproof oracles, I can tell you with complete confidence that, during 1998, the following events will occur:

Japan, the world's second-largest economy, sinks deep into recession; the Southeast Asian crisis gets worse; Russia defaults; Brazil goes to the brink; U.S. corporate profits fall; in a stretch of just six weeks, the stock market falls 1,800 points; President Bill Clinton admits to a seamy affair with an intern and the House Judiciary Committee approves four articles of impeachment, and a giant hedge fund, on the brink of failure, requires a \$3.5 billion rescue under Federal Reserve Board auspices.

Further, the stock market, as reflected by the Standard & Poor's 500-stock index, has just completed one of the great bull runs in history, returning 122 percent in the previous three years. Stocks are, by many valuation indicators, near all-time highs. On Dec. 16, 1997, the

average price-to-earnings (P/E) ratio of S&P stocks stands at 24 and the dividend yield at 2.1 percent, a record low.

Now, knowing terrible things are going to occur agains the backdrop of a lofty market, what do you do with your stocks?

Certainly, the honest answer is, Sell! But that, of course, would be dead wrong. So far this year, the S&P had returned 20 percent for 1998; the Dow Jones industrial average, 12 percent; the Nasdaq composite, 28 percent, and the average growth mutual fund, according to Lipper Inc., 14 percent.

There are several valuable lessons here.

Stocks are priced for the long term. What happened today, or what will happen tomorrow or in the next few months, matters far less than the soundness of a company and its ability to deliver profit in the future.

Events that we may think disastrous are often shrugged off by markets, partly because they have already been priced into stocks. For example, the plight of Japan has been general knowledge for at least three years. The decline in corporate profits was not unexpected, either. Truth is, the U.S. economy is amazingly resilient, but investors still don't quite believe it.

In the news, bad trumps good, pessimism drowns out optimism. For example, while the profits of S&P 500 companies are off an average of 2 percent, Lawrence Kudlow, chief economist of American Skandia Inc., said, "outside of deflated oil and commodity producers, the GM strike and Russian-crushed Wall Street, more than 80 percent of the remaining companies are ahead nearly 10 percent from a year ago."

Of course, in my fantasy, the oracle did not import the good news ahead in

1998: that long-term interest rates would fall a full point, gross domestic product would surge 3.5 percent, unemployment would drop to 4.6 percent and commodity prices, including oil, would plummet.

In the short run, stock prices can move in ways that any sane person would call loony; in the long run, they move rationally, hewing to profits.

From these lessons, you can conclude that the smart way to invest is simply to find very good businesses at decent prices and to hold them for a long time.

**R**emember that, even when the general level of stock prices is rising, some shares will be depressed. One way to find out-of-favor sectors is to check our Wall Street Journal's daily table, "Dow Jones Industry Groups." Suffering sectors currently include steel, down 19 percent this year; airlines, down 20 percent; casinos, down 35 percent; toys, down 23 percent; real estate investment trusts, down 26 percent; heavy machinery, down 33 percent; aerospace, down 17 percent, and health care, down 21 percent.

As you can see, there are lots of beaten-up stocks from which to choose. Take a company such as Nucor Corp., one of the world's great steel producers. Competition has driven down profit this year, and the stock has dropped 30 percent since April, but the company, with a history of rising earnings and dividends, trades at a P/E of 13, less than that of the S&P.

Still, price is not all, and long-term investors (meaning those willing to keep their money at work for seven years or more) should not ignore great companies, period. With a business such as General Electric Co., for example, there is no sense being too meticulous about the P/E. Shares surged more than \$6.31 Tuesday on an announcement from the company that 1999 profit would rise an estimated 14 percent.

That's news? GE profits are perennially up 14 percent, but investors still can't believe it — otherwise they would long ago have bid its price up to \$200 instead of \$93.13.

Other good businesses you might consider adding to your portfolio: Chase Manhattan Corp., which this week was highlighted by Marshall Acuff and John MacNeil of Salomon Smith Barney Re-

## Stock Picks By the Dozen

*Washington Post Service*

## Poll Sees Rise In Asia and Europe Shares

*Reuters*

LONDON — While U.S. investors are all but guaranteed a fourth straight year of double-digit percentage gains in 1998, the returns for Wall Street in 1999 look decidedly slimmer, according to the quarterly Reuters equities poll. But there will still be rich opportunities in Europe and Asia, equities analysts say.

The mean forecast is for the Dow industrial average to rise less than 5 percent in 1999 to 9,455 while the median calls for an 8.4 percent jump. It is up about 14 percent on the year for 1998.

"You've had the Dow, S&P 500 and Nasdaq returning above normal returns and I think they'll regress to a more normal rate," said James Awan of Awan & Associates in the United States.

But the predictions, collected in the survey Dec. 3 and 4, are more bullish for some European and Asian countries, although the rises in Europe may not be as high as in 1998.

Possible economic disruptions from the 2000 computer bug were cited as the big unknown factor in how markets would behave next year.

Analysts appeared less concerned about the startup of European monetary union in January than about the millennium problem, but said the euro's strength relative to the dollar would clearly affect markets.

Against a backdrop of low interest rates, Italy is expected to climb 13 percent from when the survey closed after a jump of 30 percent this year. Spain is predicted to go up about 22 percent, Germany 20 percent, and France 18 percent.

Returns are expected to be lower on Britain's blue-chip FTSE 100 index as worries about dwindling profits and slowing growth jockey with lower interest rates to drive the market. But the benchmark index is still expected to rise about 11 percent in 1999, according to the median forecast.

In Asia, the picture also looks bright as investors bank on the region emerging from its economic crisis next year.

While Japanese share prices are likely to end the year below their 1997 close, the Nikkei is expected to increase 15 percent next year.

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December 1998

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INTERNATIONAL FUNDS

December 16, 1998

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Politics  
In Asia  
Europe

## EUROPE

**Blair Takes a Stab at Bolstering British Competitiveness**By Tom Buerkle  
*International Herald Tribune*

LONDON — Since Britain's relative economic decline became apparent in the early postwar years, successive governments have struggled to find ways of bolstering the country's international competitiveness, from government-led investment programs in the 1960s to the laissez-faire approach of the Thatcher years.

The government of Prime Minister Tony Blair unveiled its own approach on Wednesday with a range of measures designed to foster the spread of technology and entrepreneurial spirit to create a knowledge-based economy for the 21st century.

Presenting the report to the House of Commons, Trade and Industry

Minister Peter Mandelson said, "We will only win by developing innovative goods and services that customers want to buy, and that use world-class production systems and the most sophisticated technology to keep us ahead of our rivals."

The plan puts most of the onus on industry for raising competitiveness while reserving a role for government as a catalyst.

Mr. Mandelson announced the establishment of a £150 million enterprise fund to foster start-up companies, modest incentives for universities to commercialize their laboratory inventions, government help to reduce regulatory barriers to the growth of biotechnology clusters around academic centers like the University of Cambridge, and the targeting of regional development

aid at high-technology jobs.

But government's main role, he said, would be to toughen regulation to promote vigorous competition. Measures include a 25 percent funding increase granted earlier this year for the Office of Fair Trading, which oversees competition, and a policy review that could decide to cede Mr. Mandelson's authority as antitrust arbiter to an independent agency.

Some analysts criticized the report as a simplistic attempt to copy some of the successful features of the U.S. economy, where Mr. Mandelson recently visited.

John Stopford, a professor of international business at the London Business School, said the report placed too much emphasis on things like electronic commerce, where it set a goal of getting one million

small businesses into Internet selling by the year 2002, and not enough on improving the country's existing industrial base. He also said the report gave short shrift to services, which accounts for roughly three-quarters of the country's economic output.

But whatever the complaints, most analysts and industrialists have welcomed the report as a sign that the government is determined to raise the country's competitiveness. Despite three similar reports by previous Conservative governments and six years of strong growth, the productivity of British industry remains some 20 percent to 40 percent below that of the United States, Germany and France.

Ministers have stressed repeatedly in recent months that Britain must close the gap to ensure the country's

economic future, particularly if Britain is to enter the euro early in the next decade and lose its ability to boost growth through devaluation.

Mr. Mandelson said the government would seek to ensure that his proposals are acted upon by working with business to develop several indicators of competitiveness and reporting regularly on progress in raising the country's performance. But he acknowledged that the biggest challenge would be the same one that bedeviled his Conservative predecessors: the establishment of a business culture that rewards enterprise and risk-taking. While he offered moral encouragement and modest tax and financial incentives, he conceded the government had "no magic wand that can create an enterprise culture in Britain."

**Deutsche Bank Sets Up New Unit for Industrial Holdings**By Edmund L. Andrews  
*New York Times Service*

FRANKFURT — In a departure from the traditional practice of Germany's big banks, Deutsche Bank AG said Wednesday it would fold more than \$24 billion worth of industrial stocks into a separate holding company.

The move marks an attempt by Deutsche Bank to draw a sharper line between its role as a bank and its

status as a major shareholder in companies like DaimlerChrysler AG, in which it owns 12 percent of all stock.

But it is unlikely to lead to a sell-off of its major industrial holdings because the reshuffling does nothing to remove the massive capital-gains taxes that Deutsche Bank would face in that case. Tax liabilities, easily worth more than \$10 billion if Deutsche Bank sold all its stocks, have long been the biggest

barrier to divestiture.

"We are making the group more transparent," said Rolf-Ernst Breuer, Deutsche Bank's chairman, at a news conference on Wednesday. "Thanks to this new structure we can manage our industrial holdings more actively and much more profitably."

That was a disappointment to some investors and analysts, some of whom had thought Deutsche Bank would be able to transform

billions of marks worth of paper profits into cash. After climbing 6 percent on Tuesday to DM 97.30, Deutsche Bank shares dropped Wednesday to DM 94.75 after the bank spelled out details of its plan.

Investors and some political figures have for years criticized the web of intertwined industrial holdings owned by Deutsche Bank and other big institutions. Besides its stake in DaimlerChrysler, Deutsche Bank owns 9.4 percent of Allianz Ver-

sicherungs AG, Germany's biggest insurance company; 10 percent of Munich Reinsurance; and similar stakes in more than a half dozen other big German companies.

Most of those stocks were acquired decades ago, at a time when Germany's big banks not only financed industrial expansion but actively invested in companies along the way.

Mr. Breuer and other Deutsche Bank executives have frequently said they would like nothing more than to unwind their stock holdings, if only because the bank's portfolio is severely overweighted with stocks like Daimler. Indeed, Deutsche is already pruning its shares, having reduced its stake in Allianz from 10 percent to 9.4 percent over the past year.

But that small move alone has cost it nearly 1 billion DM in capital gains taxes, according to Richard Kruse, a banking analyst at Sal. Oppenheimer Jr. & Co. in Frankfurt.

Mr. Breuer said the new company, tentatively called DB Investor, would hold assets worth 40 billion DM. It would make it the world's second-biggest investment holding company after Warren Buffet's Berkshire Hathaway Inc.

Mr. Kruse said the new structure would have limited benefits at best. But he said it would probably allow Deutsche Bank to manage its stocks more effectively.

"It is a small step in the right direction," said Mr. Kruse. "With smaller entities and more directed focus on value creation, they might be able to increase profitability in the future."

**Sale of 2.5% Stake in Gazprom Attracts 2 Foreign Bids**

Compiled by Our Staff From Dispatches

MOSCOW — OAO Gazprom, the world's biggest natural-gas supplier, said Wednesday that at least two foreign bidders had offered to buy a 2.5 percent stake from Russia's government, showing the country still can rely on its most valuable asset to raise foreign capital.

The government, which set a minimum price of \$651 million, said it would announce the winner Saturday.

Ruhrgas AG of Germany, a long-standing partner of Gazprom and the only foreign company that has indicated it was interested in the stake, said it would not comment until after the announcement Saturday.

The Parliament, meanwhile, approved a bill Wednesday that would allow the government to print about \$1.2 billion worth of rubles.

Russia's upper house, which is expected to approve it swiftly and then to President Boris Yeltsin, who is expected to sign it without delay,

Viktor Geraschenko, said Tuesday the central bank would print 15 billion rubles (\$746 million), instead of the planned 25 billion rubles, through the end of this year if the Gazprom sale is successful.

**■ Russia Details Debt Swap**

The Finance Ministry said Wednesday it would swap 281 billion rubles in defaulted debt for new cash and bonds through March 15, ending months of negotiations that resulted in investors securing a pledge for just a few cents on the dollar.

The swap set new terms for the cash portion of the deal, cutting the amount investors receive to 5 percent of the value of their portfolio from the 10 percent promised earlier, the Ministry of Finance said.

Russia deflated on its domestic debt Aug. 17 after it failed to raise

about \$1 billion at weekly debt auctions needed to cover its obligations.

Talks with creditors will continue Thursday and Friday in London.

Foreign bondholders, who hold about a third of the defaulted debt, have complained that Russia was imposing the restructuring deal unilaterally without waiting for final approval from all bondholders.

Altogether, 70 percent of each bondholder's portfolio will be swapped for bonds with maturities of four and five years that pay a fixed coupon that can be collected retroactively from Aug. 19. Another 20 percent will be covered by a three-year bond that can be used to pay off tax arrears or swapped for equity in Russian banks.

The remaining 10 percent is covered in cash, but the government said it would pay that amount based on only half of the value of the portfolio on Aug. 19.

**Investor's Europe**

Frankfurt	DAX	London	FTSE 100 Index	Paris	CAC 40
6000	6100	4400	4400	4100	4100
5500	5500	3800	3800	3500	3500
5000	5200	3200	3200	3200	3200
4500	4900	2800	2800	2800	2800
4000	4500	2400	2400	2400	2400
3500	4000	2000	2000	2000	2000
J A S O N D	J A S O N D	J A S O N D	J A S O N D	J A S O N D	J A S O N D
1998	1998	1998	1998	1998	1998

Source: Telekurs

International Herald Tribune

**Very briefly:**

- West German business confidence fell in November for the sixth straight month to its lowest level in almost two years, providing a further reason why the European Central Bank may trim interest rates next year to sustain growth in Europe's largest economy. The Ifo Institute's business confidence index fell to 91.7 in November from 92.4 in October, the lowest reading since December 1996.

- Royal Philips Electronics NV, Europe's largest consumer-electronics maker, is talks to buy team up with General Instrument Corp., the No. 1 U.S. maker of cable TV set-top boxes people familiar with the negotiations said.

- Matra Marconi Space confirmed it would announce this week a pact with DaimlerChrysler Aerospace AG and Finmeccanica SpA's Alenia unit to create Europe's biggest commercial satellite maker with sales of \$3.6 billion. The planned joint venture, which will rank third in the world after Lockheed Martin Corp. and General Motors Corp.'s Hughes Electronics unit, will build military and telecommunications satellites for operators such as Globalstar LP and Inmarsat.

- Seita SA, a French tobacco company, agreed to buy Consolidated Cigar Holdings Inc. for \$730 million in cash and assumed debt, making it the world's No. 1 maker of cigars.

- Spain's economy grew 3.8 percent in the third quarter from the third quarter a year earlier. Gross domestic product rose 0.9 percent in third quarter from the

- France plans to restructure Credit Agricole. The government said it planned to inject "at most" 2 billion francs (\$360 million) in the bank, which has been nearly insolvent and seeking a buyer for three years.

- Toyota Motor Corp. of Japan won European Union approval for 340 million French francs (\$61.2 million) of French subsidies for a new factory near Valenciennes.

- Pirelli SpA, the world's No. 2 maker of utility cables and the No. 5 tire company, said it would cut emissions of carbon dioxide, a gas linked to global warming, at its factories by 14 percent within five years.

AP, Bloomberg, Reuters

DoCoMo

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The availability and convenience of such a host of mobile communications services significantly reduce everyday business

anxieties and provide effortless contact with family and friends, thereby giving the emotional fulfillment that directly contributes to improving the overall quality of our lives. And a reassuring word is welcome at any time of the year, but perhaps even more so in this particular season.

Beginning early next year in Japan, NTT DoCoMo will provide a wealth of services that are sure to have a positive impact on all cellular phone communications. The ability to access and browse HTML-based text information on the Internet from a single terminal will benefit everyone as will the exchange of e-mail, not only from one cellular

phone to another but also between cellular phones and PCs.

Obtaining airline flight information and making ticket reservations will be possible using the text information on the display. Conducting mobile banking and stock transactions in the same way will also be a reality, as will obtaining news updates, weather forecasts and shopping guides.

Our corporate emphasis on employing mobile communications to make the world a better, happier place plays a large part in the continuing success of all our business endeavors. For further information, please visit our website.

**The New Year brings new convenience.**

The Japanese cellular phone market now exceeds 35 million subscribers. To accommodate further expansion, all cellular and PHS phone numbers in Japan will change from 10 to 11 digits at 2:00 a.m. (Japan Standard Time) on January 1, 1999. This renumbering will also greatly facilitate the preparations for receiving or making calls anywhere in the world using one terminal when such a service becomes available. Please ensure you input the correct number when calling on or after the above date.



NTT Mobile Communications Network, Inc.

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## OPINION/LETTERS

**C'mon, Mr. President,  
Just One More Lie**

By Maureen Dowd

**WASHINGTON** — Newt has principle looked so unappealing.

If the president keeps standing on principle and the Republicans keep standing on principle, the two sides will blow each other up and turn the rest of us into rubble.

Just for the sake of argument, let's say both sides are, as they claim, standing on principle.

The Republicans' principle is this: A president who lies is not fit to serve.

Uh, O.K.

We really, really need to work hard here to suspend our disbelief that the Republicans are driven by principle, rather than any rabid, unreasoning hatred of Bill Clinton.

We will ignore the fact that Representative Bob Barr of Georgia called for Mr. Clinton's impeachment long before anyone ever heard of Monica Lewinsky.

We will ignore the fact that the Republicans did not seem to mind lying when they defended Richard Nixon for so long, or when George Bush called Clarence Thomas the best-qualified person to put on the Supreme Court, or when Republican senators tipped into Anita Hill to save Clarence Thomas.

We will ignore Henry Hyde's argument in 1987 that it was all right for Ronald Reagan and Oliver North to lie about Iran-Contra because we consider the lie's context. "It just seems to me too simplistic to condemn all lying," Mr. Hyde (no, must have been Dr. Jekyll) said then, according to The Los Angeles Times. "In the muckrak grayness of the real world, choices just often are made."

But now the Republicans say they are acting on principle. That's their story, and they're sticking to it. Let's move on to the president.

Mr. Clinton's principle is this: He cannot admit he lied under oath because that would be a lie.

He said Sunday that he would not say he lied under oath to the grand jury because "I could not admit to doing

something that I am quite sure I did not do."

Uh, O.K.

Well, somebody has to ask you this, Mr. President, so it may as well be me. Since when?

From the draft to Georgette Flawson to Monica Lewinsky, you, sir, have always been, as Senator Bob Kerrey, Democrat of Nebraska, once put it, an unusually good liar.

Why stop now, when a lie could save your presidency? This is a fine time to become a pathological truth-teller.

Your friend, Mr. President, should have been concentrated by the prospect of your hanging.

But for some reason, you seem to have lost the knack for whispering sweet nothings in our ear. You seem to have lost your ability to do whatever it takes to win.

Just because Hillary Rodham Clinton will not pitch in this time, do not let us down.

If you do not admit to lying to the grand jury, to appease the handful of moderate Republicans who are saying that is what it would take to get their votes, you will be impeached by the House.

You have built a career on



BY GARRY TRUDEAU

## ASEAN Pacts Speed Trade Liberalization

Compiled by Our Staff From Dispatches

HANOI — Southeast Asian leaders signed agreements Monday to liberalize their economies in an effort to encourage a return by foreign investors who have fled amid the region's worst economic crisis in a half-century.

The agreements include plans to speed up implementation of a free trade area and provide incentives for investors over the next two years.

A joint declaration added a number of points to the draft written before the summit meeting, including a commitment to "accelerating economic and financial reforms," and

saying the "international community also has a responsibility to support our reform efforts through bilateral and multilateral assistance."

It also encouraged increased use of ASEAN currencies for trade within the region and said an early-warning surveillance mechanism had been put in place to encourage early action to avoid emerging risks.

The Statement on Bold Measures, released at the end of the meeting, included a slight speeding up in the implementation of the ASEAN Free Trade Area, known as AFTA.

Under the new terms, Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand will target full implementation of a tariff-free zone in the region by 2002 — a year earlier than the previous plan.

But the leaders agreed to add the words "with some flexibility" to the new target date.

The more recent entrants in ASEAN, Vietnam, Laos and Burma, also agreed to speed implementation, but their timetable is longer.

The leaders also agreed to accelerate the transfer of more products to the list of those whose tariffs will be affected by the trade agreement.

The agreements include special incentives that apply to manufacturing investment applications from foreigners in the next two years. The incentives include 100 percent foreign ownership, a minimum three-year corporate income tax exemption or a minimum 30 percent corporate investment tax allowance, duty-free imports of capital goods and a minimum industrial leasehold of 30 years.

(AP, Reuters)

## Goldman to Aid Chinese Firm

By Seth Paisson  
New York Times Service

**SHANGHAI** — Goldman, Sachs & Co. announced Wednesday that it would enter a partnership with the government of Guangdong Province in southern China to help rescue one of the region's biggest state-owned companies.

Guangdong said it had hired Goldman as a financial adviser, the first time a foreign investment bank will work for a provincial government in China. Goldman also said it would buy a \$20 million stake in Guangdong Enterprises Holdings Ltd., a state-owned conglomerate based in Hong Kong.

The deal comes at a critical if muddled time in China's slow-going financial reform. Concerned about the effects of Asia's economic crisis, leaders in Beijing have lost their enthusiasm for fast reform of their currency and stock markets.

At the same time, China is proceeding with an overhaul of its troubled banks and investment companies, with the aim of clearing up mountains of bad debt before they cause serious problems, like those elsewhere in Asia.

Now, Goldman partners have agreed to put millions of dollars of their own money into a company that will require an extensive restructuring before it shows any return on the investment.

Guangdong Province, the most affluent and freewheeling area in China, has been at the forefront of the nation's market reforms for nearly 20 years. However, together with a creative interpretation of socialist ideology, it has come lax supervision and an abundance of questionable dealings with government money.

In October, Beijing sent a clear message that it would get tougher with its investment companies when it announced that it was closing down International Trust & Investment Co., which was unable to pay back \$2 billion in domestic and foreign loans.

Yet, rather than preface any kind of financial collapse, the closing signaled a shift away from largely outdated trust company financing and toward a more modern financial system built around banks and capital markets. The announcement Wednesday appears to be another step in that direction.

"To restructure so comprehensively a company like this is a first for China," said Wang Qishan, Guangdong's executive vice governor.

Now, Goldman partners have agreed to put millions of dollars of their own money into a company that will require an extensive restructuring before it shows any return on the investment.

## Toyota Plans To Shut Plant Amid Slump

Compiled by Our Staff From Dispatches

**TOKYO** — Toyota Motor Corp., the largest Japanese automaker, will close a factory for the first time in its history as sales in Japan stagnate amid the country's worst recession in 30 years, the carmaker's president Hiroshi Okuda, said Wednesday.

The maker of Camry sedans and Lexus luxury vehicles will cease production at one of three factories belonging to an affiliate, Kanto Auto Works Ltd. The daily Nihon Keizai Shinbun reported that the carmaker may cut capacity by 8 percent over three years, to 3.5 million vehicles. The carmaker's production peaked at 4.2 million units in 1990.

"We're dropping the oldest plant of the three," Mr. Okuda said. "Our judgment is we do not need capacity of more than 3.5 million."

Separately, Toyota said its domestic car output fell by 5.9 percent in November from a year ago, to 226,999 units, after falling 10.6 percent in October.

A Toyota spokesman, Tetsuo Kitagawa, said the final decision to close the factory would rest with Kanto Auto Works. Toyota owns 49 percent of the unit.

"I have a feeling other companies will follow," said Hideaki Shimada, an analyst at Mito Securities Co. "Domestic demand has cooled off and exports will fall as they switch to local production."

Mitsubishi Motors Corp. has said it will close its Maruko factory near Tokyo. (AFP, Bloomberg, AFK)

## Japan's Current-Account Surplus Soars

Compiled by Our Staff From Dispatches

**TOKYO** — The Japanese current-account surplus surged 21.5 percent in October from a year ago, the government said Wednesday, increasing the chances of trade friction with the United States.

The current-account surplus, unadjusted for seasonal factors, was at \$11.4 billion in October, the Finance Ministry announced, for the sixth consecutive monthly year-on-

year increase.

The current account measures the

difference between income from foreign sources and foreign obligations payable, excluding net capital investment.

The trade surplus, which has been growing for more than two years, widened by 19.9 percent to \$13.12 billion, the Finance Ministry said. Exports slid 6.5 percent, the first year-on-year drop in five months, to \$36.3 billion, while imports plunged 16.8 percent, to \$23.2 billion.

Junji Ono of Okasan Economic Research Institute said the current-

account data showed no sign of a slowdown in exports to the United States.

"A drop in exports to other Asian nations is the simple explanation for the overall decline," he said, adding, "Exports to the United States will continue growing from the previous year at the present pace at least through this year."

Satoru Ogasawara of Credit Suisse First Boston said significant changes in Japan's trade data were not expected until mid-1999. (AP, AFP)

## TRUMP: Tel-Com Shares Lose Some of Their Glitter in a Wild Market Ride

Continued from Page 11

closed." Bloomberg said she had not decided whether to resign as chairman of the 5th Avenue Channel, which is majority owned by Tel-Com, but her withdrawal coincided with another fall in the stock, which closed at \$6.6875 on Monday. It has since recovered, and was at \$9.24 late Wednesday, up 14.0625 cents.

Tel-Com's chief executive and majority shareholder, Melvin Rosen, also suggested that short sellers were behind the latest stock drops. "We evidently have significant short-sellers in TCTV stock," Mr. Rosen said.

In addition, Tel-Com has tried to play down Mr. Arnold's connection to the company. On Dec. 7, Tel-Com issued a news release that quoted Mr. Rosen as saying "Although the Barron's article attempts to connect Charles S. Arnold to the company in some sinister way, the fact is that Mr. Arnold is, at most, a shareholder of our company who was a shareholder prior to my becoming president."

On Dec. 10, Mrs. Trump said in a statement, "It would appear that

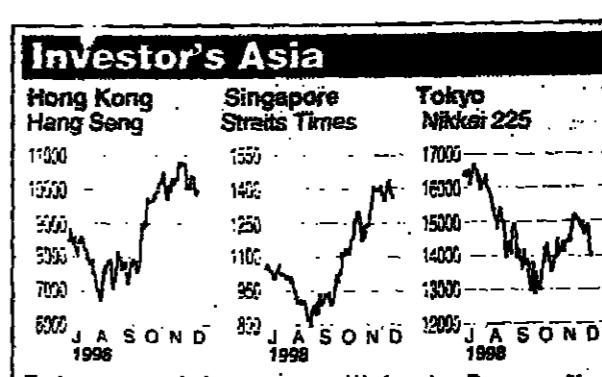
when Mr. Rosen became President of Tel-Com, he inherited Mr. Arnold and his group as shareholders, but not in any other capacity."

Mr. Rosen said that Tel-Com would take "all necessary and appropriate steps to resolve the situation to Mrs. Trump's satisfaction." He noted that the Dec. 14 Barron's article did not "allege any charges" against the company.

The company also announced a deal in May to have its programming, to be hosted by Mrs. Trump, carried by Fashion TV, which it said reaches about 100 million households in Europe and Asia.

In Paris, however, Fashion TV took exception to the statement, contained in Tel-Com's 10-Q filing with the SEC for the third quarter, that a signed contract exists.

"We met them nearly one year ago," said Alona Fischbeck, marketing manager for the company, which itself is planning to go public on France's Nouveau Marche in the coming months. But she said there was no signed contract and that Fashion TV wanted to see 5th Avenue Channel's programming before committing to carry it.



High Low Close Prev. High Low Close Prev. High Low Close Prev. High Low Close Prev.

Hong Kong Hang Seng 9,938.38 9,952.84 -0.14

Singapore Straits Times 1,359.19 1,368.29 -0.67

Tokyo Nikkei 225 2,687.80 2,687.80 +0.35

Taipei Stock Market Index 6,769.52 6,936.82 -2.41

Manila PSE 1,868.24 1,795.73 -4.04

Jakarta Composite Index 472.69 400.77 -2.97

Wellington NZSE-40 1,953.22 1,940.33 -0.66

Bombay Sensitive Index 2,938.82 2,927.48 -0.32

Source: Telekurs International Herald Tribune

## Very briefly:

• Malaysia's decision to impose capital controls and peg its currency to the U.S. dollar has delayed most of the \$3 billion in World Bank loans the country is seeking, a senior bank official said.

• Development Bank of Singapore Ltd. paid \$193 million for a 44 percent stake in Kwong On Bank Ltd., offering the bank greater foothold in the world's fifth-largest banking center at a fraction of what it would have cost a year ago.

• Hoechst Roussel Vet GmbH, the veterinary-medicine unit of Hoechst AG, Germany's biggest drug company, said it would form a venture with Bioproducts Factory Jinlin of China to produce veterinary vaccines.

• Singapore Airlines Ltd.'s chief executive, Cheong Choong Kong, hinted during a speech at the Melbourne Business School that the airline was interested in taking a stake in Australis Australia.

• Nippon Life Insurance Co., Japan's largest life insurer, said it would consider bolstering investment in euro-denominated assets to about 50 percent of its overseas package in the near future.

• Hyundai, Samsung, Daewoo, LG and SK groups, South Korea's top five family-run conglomerates, and their creditor banks have finalized the details of restructuring plans for the debt-laden *cheobuk*, bank officials said.

• The World Bank approved a \$200 million loan to China to build a 152-kilometer (94-mile) expressway that would link two major cities in Anhui Province and connect it to coastal markets.

• Nippon Telegraph & Telephone Corp. said it had formed a domestic subsidiary in Tokyo, NTT Bango Jyoho KK, by separating the business of telephone directories, yellow pages and directory inquiries.

Bloomberg, AFP, Reuters

## WORLD STOCK MARKETS

Wednesday, Dec. 16

Daily prices in local currencies.

Source: Comptech

High Low Close Prev. High Low Close Prev. High Low Close Prev. High Low Close Prev.

Amsterdam AEX Index 1,977.12 1,977.12

Frankfurt DAX 4,643.45 4,643.45

Helsinki OMX 2,240.00 2,240.00

London FTSE 100 5,508.00 5,508.00

Athens Composite 2,665.87 2,665.87

Bangkok SET 344.53 344.53

Buenos Aires BME 2,120.00 2,120.00

Bucharest BVB 2,000.00 2,000.00

Buenos Aires BME 2,120.00 2,120.00

Takes a Stake

**Wednesday's 3 P.M.**  
The 1,000 most traded Nasdaq securities in terms of dollar value, updated twice a year.  
The Associated Press.

NASDAQ																												
12 Month High/Low		Stock	DN	Yld	PE	100Share	Low/Lated Chgs	12 Month High/Low	Stock	DN	Yld	PE	100Share	Low/Lated Chgs	12 Month High/Low	Stock	DN	Yld	PE	100Share	Low/Lated Chgs	12 Month High/Low	Stock	DN	Yld	PE	100Share	Low/Lated Chgs
120	100	AAC	+	1.0	10.0	100	-1.00	120	100	+	1.0	10.0	100	-1.00	120	100	+	1.0	10.0	100	-1.00	120	100	+	1.0	10.0	100	-1.00
115	100	AAI	+	1.0	10.0	100	-1.00	115	100	+	1.0	10.0	100	-1.00	115	100	+	1.0	10.0	100	-1.00	115	100	+	1.0	10.0	100	-1.00
110	100	ABX	+	1.0	10.0	100	-1.00	110	100	+	1.0	10.0	100	-1.00	110	100	+	1.0	10.0	100	-1.00	110	100	+	1.0	10.0	100	-1.00
105	100	ABE	+	1.0	10.0	100	-1.00	105	100	+	1.0	10.0	100	-1.00	105	100	+	1.0	10.0	100	-1.00	105	100	+	1.0	10.0	100	-1.00
100	100	ABG	+	1.0	10.0	100	-1.00	100	100	+	1.0	10.0	100	-1.00	100	100	+	1.0	10.0	100	-1.00	100	100	+	1.0	10.0	100	-1.00
95	100	ABK	+	1.0	10.0	100	-1.00	95	100	+	1.0	10.0	100	-1.00	95	100	+	1.0	10.0	100	-1.00	95	100	+	1.0	10.0	100	-1.00
90	100	ABR	+	1.0	10.0	100	-1.00	90	100	+	1.0	10.0	100	-1.00	90	100	+	1.0	10.0	100	-1.00	90	100	+	1.0	10.0	100	-1.00
85	100	ABV	+	1.0	10.0	100	-1.00	85	100	+	1.0	10.0	100	-1.00	85	100	+	1.0	10.0	100	-1.00	85	100	+	1.0	10.0	100	-1.00
80	100	ABW	+	1.0	10.0	100	-1.00	80	100	+	1.0	10.0	100	-1.00	80	100	+	1.0	10.0	100	-1.00	80	100	+	1.0	10.0	100	-1.00
75	100	ABX	+	1.0	10.0	100	-1.00	75	100	+	1.0	10.0	100	-1.00	75	100	+	1.0	10.0	100	-1.00	75	100	+	1.0	10.0	100	-1.00
70	100	ABY	+	1.0	10.0	100	-1.00	70	100	+	1.0	10.0	100	-1.00	70	100	+	1.0	10.0	100	-1.00	70	100	+	1.0	10.0	100	-1.00
65	100	ABZ	+	1.0	10.0	100	-1.00	65	100	+	1.0	10.0	100	-1.00	65	100	+	1.0	10.0	100	-1.00	65	100	+	1.0	10.0	100	-1.00
60	100	ACB	+	1.0	10.0	100	-1.00	60	100	+	1.0	10.0	100	-1.00	60	100	+	1.0	10.0	100	-1.00	60	100	+	1.0	10.0	100	-1.00
55	100	ACF	+	1.0	10.0	100	-1.00	55	100	+	1.0	10.0	100	-1.00	55	100	+	1.0	10.0	100	-1.00	55	100	+	1.0	10.0	100	-1.00
50	100	ACG	+	1.0	10.0	100	-1.00	50	100	+	1.0	10.0	100	-1.00	50	100	+	1.0	10.0	100	-1.00	50	100	+	1.0	10.0	100	-1.00
45	100	ACI	+	1.0	10.0	100	-1.00	45	100	+	1.0	10.0	100	-1.00	45	100	+	1.0	10.0	100	-1.00	45	100	+	1.0	10.0	100	-1.00
40	100	ACM	+	1.0	10.0	100	-1.00	40	100	+	1.0	10.0	100	-1.00	40	100	+	1.0	10.0	100	-1.00	40	100	+	1.0	10.0	100	-1.00
35	100	ACN	+	1.0	10.0	100	-1.00	35	100	+	1.0	10.0	100	-1.00	35	100	+	1.0	10.0	100	-1.00	35	100	+	1.0	10.0	100	-1.00
30	100	ACO	+	1.0	10.0	100	-1.00	30	100	+	1.0	10.0	100	-1.00	30	100	+	1.0	10.0	100	-1.00	30	100	+	1.0	10.0	100	-1.00
25	100	ACQ	+	1.0	10.0	100	-1.00	25	100	+	1.0	10.0	100	-1.00	25	100	+	1.0	10.0	100	-1.00	25	100	+	1.0	10.0	100	-1.00
20	100	ACR	+	1.0	10.0	100	-1.00	20	100	+	1.0	10.0	100	-1.00	20	100	+	1.0	10.0	100	-1.00	20	100	+	1.0	10.0	100	-1.00
15	100	ACU	+	1.0	10.0	100	-1.00	15	100	+	1.0	10.0	100	-1.00	15	100	+	1.0	10.0	100	-1.00	15	100	+	1.0	10.0	100	-1.00
10	100	ACV	+	1.0	10.0	100	-1.00	10	100	+	1.0	10.0	100	-1.00	10	100	+	1.0	10.0	100	-1.00	10	100	+	1.0	10.0	100	-1.00
5	100	ACW	+	1.0	10.0	100	-1.00	5	100	+	1.0	10.0	100	-1.00	5	100	+	1.0	10.0	100	-1.00	5	100	+	1.0	10.0	100	-1.00
0	100	ACX	+	1.0	10.0	100	-1.00	0	100	+	1.0	10.0	100	-1.00	0	100	+	1.0	10.0	100	-1.00	0	100	+	1.0	10.0	100	-1.00
120	100	ACY	+	1.0	10.0	100	-1.00	120	100	+	1.0	10.0	100	-1.00	120	100	+	1.0	10.0	100	-1.00	120	100	+	1.0	10.0	100	-1.00
115	100	ACZ	+	1.0	10.0	100	-1.00	115	100	+	1.0	10.0	100	-1.00	115	100	+	1.0	10.0	100	-1.00	115	100	+	1.0	10.0	100	-1.00
110	100	ADP	+	1.0	10.0	100	-1.00	110	100	+	1.0	10.0	100	-1.00	110	100	+	1.0	10.0	100	-1.00	110	100	+	1.0	10.0	100	-1.00
105	100	ADT	+	1.0	10.0	100	-1.00	105	100	+	1.0	10.0	100	-1.00	105	100	+	1.0	10.0	100	-1.00	105	100	+	1.0	10.0	100	-1.00
100	100	ADT	+	1.0	10.0	100	-1.00	100	100	+	1.0	10.0	100	-1.00	100													



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AND SHAREHOLDERS FOR THE

CONFIDENCE THEY PLACE IN US. OUR

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PROFITABLE GROWTH AND

MEETING OUR CUSTOMERS'

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EVER MORE INNOVATIVE

SOLUTIONS AND SERVICES FOR

THE WORLDWIDE INFRASTRUCTURE

AND INDUSTRIAL MARKETS.

## WORLD'S MOST RESPECTED COMPANIES

(base: all respondents; top 40 nominations)

Rank	Company	Country
1	General Electric	US
2	Microsoft	US
3	Coca-Cola	US
4	IBM	US
5	Toyota	Japan
6	Daimler-Benz	Germany
7=	ABB	Switzerland/Sweden
7=	Nestlé	Switzerland
9=	Ford	US
9=	Intel	US
11	General Motors	Netherlands/UK
12	Royal Dutch/Shell	Germany
13	BMW	US
14=	Hewlett-Packard	US
14=	P&G	US
16	Philip Morris	France/UK
17=	Alstom	US
17=	Unilever	US
17=	Colgate-Palmolive	US
17=	Johnson & Johnson	US
17=	McDonald's	US
17=	Servicemaster	US
17=	Wal-Mart	US
24=	3m	US
24=	Mobil	Japan
24=	Sony	UK
27=	Body Shop International	US
27=	Dell	Japan
27=	Honda	Japan
27=	Japan Railway East	Japan

Extract from *Financial Times Survey*  
conducted by PricewaterhouseCoopers  
30/11/98

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